CITY OF FORNEY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022

Prepared by:

Deborah Woodham
Director of Finance

CITY OF FORNEY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SEPTEMBER 30, 2022

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INTRODUCTORY SECTION

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CITY OF FORNEY

February 17, 2023

Honorable Mayor and City Council
City of Forney
Forney, Texas

Dear Mayor and Council Members,

The Annual Comprehensive Financial Report ("ACFR") of the City of Forney, Texas, for the year ended September 30, 2022, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown & Hill, LLP., have issued an unqualified ("clean") opinion on the City of Forney's financial statements for the year ended September 30, 2022. The independent auditor's report is in the beginning of the financial section of the ACFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis ("MD&A") and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements.

General Information – City of Forney

The City of Forney ("City") was incorporated in 1910 and currently has an estimated population of 27,040. The City operates as a Home Rule City, under a Council-Manager form of government with the Mayor and six Council members elected at large.

The City's major operations include police and fire protection, planning, building inspections, finance, parks and recreation, public works, and general administrative services. In addition, the City owns and operates a water and sewer system.

Economic Conditions and Outlook

Forney, Texas is one of the fastest growing communities in the DFW area. Strategically located between Highway 80 and Interstate 20, population has increased 70% in the last decade. Despite the increasing population, the City has managed to maintain a vibrant, family-centered lifestyle and community leaders carefully weigh growth opportunities against quality-of-life issues and sustainability. The City continues to work with developers to expand and diversify available retail opportunities with the Forney Marketplace and Gateway developments.

Economic conditions continue to present challenges in budget development and forecasting. However, moderate growth continues in several key indicators. Sales tax continues to trend upward and ended the year with a 23.56% increase over the previous year's collections. New construction remains very active. These factors coupled with planned projects scheduled to begin soon, cause us to remain optimistic regarding Forney's future opportunities.

Major Initiatives

Major initiatives for 2022 focused on reconstructing or repairing streets, improving parks and recreation opportunities, and expanding City office space and parking for additional personnel. Additionally, sewer infrastructure was expanded to encourage commercial growth.

Accounting Procedures and Budgetary Controls

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City Manager's Office, and expenditure estimates by each City department. Budgets are reviewed by the City Manager who makes final decisions and submits a recommended budget to the City Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager's Office and the City Council concurrent with review of the proposed budget. The re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

To stay within budget, the Budget Analyst reviews expenses weekly and provides each department director their departments expense report. Each department director reviews their report and directs any questions to the Budget Analyst for further review. The Budget Analyst also provides the City Manager's Office and City Council with a monthly summary budget report.

General Government Functions

Tax Rates: All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

Fiscal Year	Tax Rate
2018-2019	0.621111
2019-2020	0.580000
2020-2021	0.538710
2021-2022	0.501069

Other Information

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded Certificate of Achievement for Excellence in Financial Reporting to the City of Forney for its annual comprehensive financial report for the fiscal year ended September 30, 2021. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

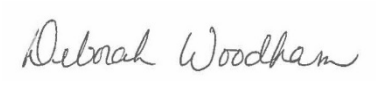
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it the GFOA to determine eligibility of another certificate.

Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Finance Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,



Deborah Woodham
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

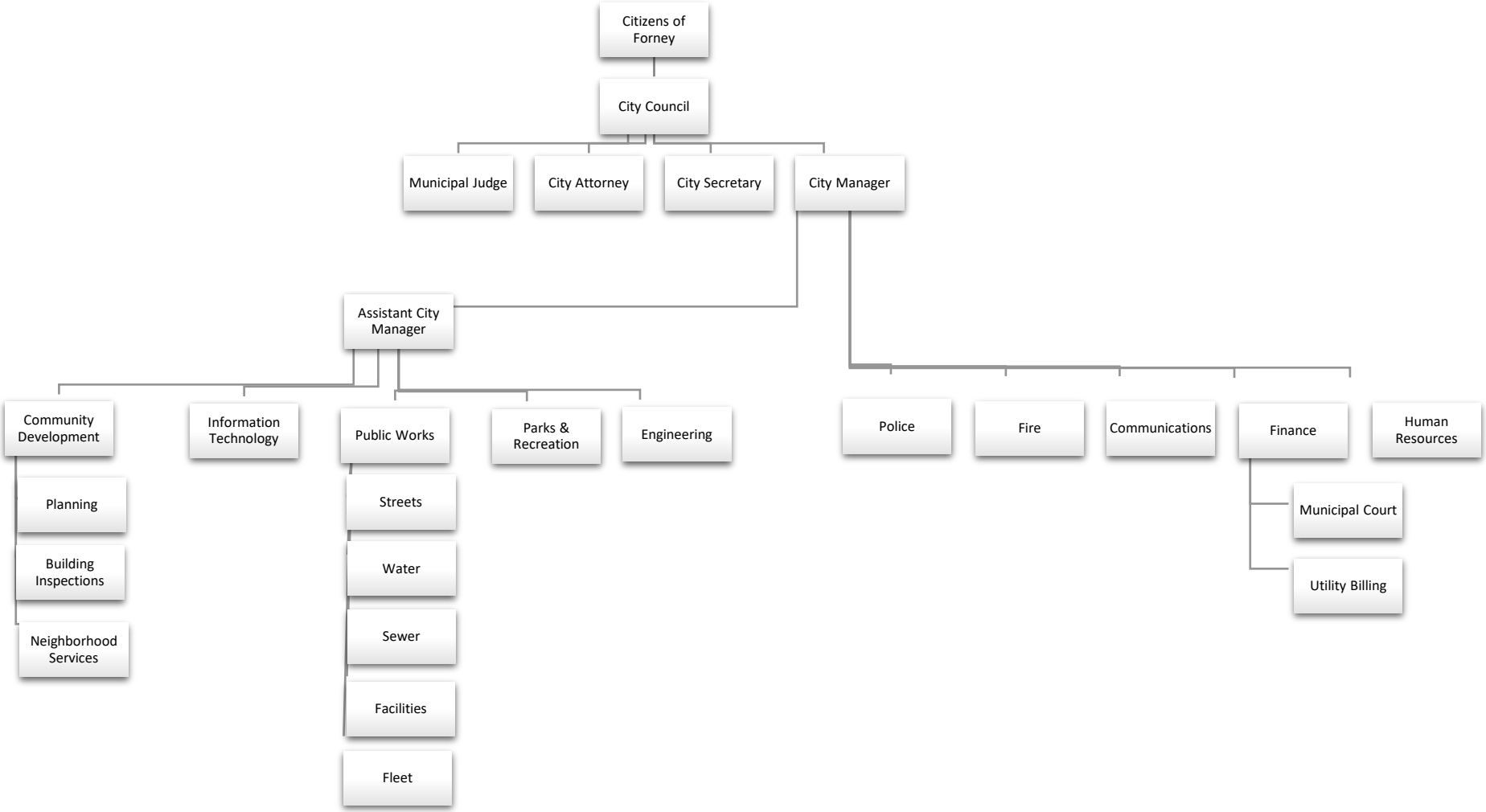
City of Forney Texas

For its Annual Comprehensive Financial Report for the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO


Citizens of Forney
City Council
Municipal Judge
City Attorney
City Secretary
City Manager
Assistant City Manager
Community Development
Planning
Building Inspections
Neighborhood Services
Information Technology
Public Works
Streets
Water
Sewer
Facilities
Fleet
Parks & Recreation
Engineering
Police
Fire
Communications
Finance
Municipal Court
Utility Billing
Human Resources

CITY OF FORNEY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

List of Principal Officials

Amanda Lewis
MAYOR

CITY COUNCIL

James Traylor	Place 1
Cecil Chambers	Place 2
Cassandra Primous	Place 3
Sarah Salgado	Place 4
Zahnd Schlensker	Place 5
Jason Roberson	Place 6

Charles Daniels
CITY MANAGER

Deborah Woodham
DIRECTOR OF FINANCE

FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Forney, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas (the "City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently know information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA
GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 17, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Forney (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $207,382,122 (net position). Of this amount, $32,676,832 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $70,517,951. The increase from operations was due to an increase in governmental activities net position largely due to an increase in property tax revenue, sales tax revenue, and capital contributions as well as a prior period adjustment to record developer contributions from prior years. The increase in business-type activities net position was due to an increase in capital contributions and a prior period adjustment to record developer contributions from prior years..

- At the end of the current fiscal year, the City's governmental funds reported combined fund balances of $43,799,692, an increase of $236,801 or 1%, in comparison with the prior year. The majority of this increase is due to an increase in impact fee revenue generated by high levels of development in the area.

- The City's total bonded debt decreased by $6,895,000, or 20%, during the current fiscal year due to current year debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplemental information is provided to show details about the City's budgetary information and pension plan and OPEB plan.

Government-wide financial statements — The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both the government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the utility services offered by the City. The final category is the component unit.

Fund financial statements — The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

Governmental funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, Roadway Impact Fund, and the ARPA Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary funds — The City of Forney has one type of proprietary fund which is the Utility Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the financial statements — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25-49 of this report.

Other Information — In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's budgetary information and progress in funding its obligation to provide pension benefits and OPEB benefits to its employees and retirees.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information. Combining statements and individual fund statements can be found on pages 59-60 of this report.

CITY OF FORNEY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 54,162,154	$ 50,855,959	$ 32,682,380	$ 34,413,564	$ 86,844,534	$ 85,269,523
Capital assets	106,855,767	64,110,083	55,402,942	33,728,934	162,258,709	97,839,017
Total assets	161,017,921	114,966,042	88,085,322	68,142,498	249,103,243	183,108,540
Deferred outflows of resources	2,833,311	2,876,762	408,188	274,777	3,241,499	3,151,539
Long-term liabilities outstanding	29,733,631	38,516,333	2,933,352	3,325,309	32,666,983	41,841,642
Other liabilities	9,218,089	2,393,958	952,121	4,106,471	10,170,210	6,500,429
Total liabilities	38,951,720	40,910,291	3,885,473	7,431,780	42,837,193	48,342,071
Deferred inflows of resources	1,861,605	973,426	263,822	80,411	2,125,427	1,053,837
Net position:						
Net investment, in capital assets	85,443,652	38,620,898	52,971,217	30,868,966	138,414,869	69,489,864
Restricted	28,190,781	19,919,436	8,099,640	6,849,658	36,290,421	26,769,094
Unrestricted	9,403,474	17,418,753	23,273,358	23,186,460	32,676,832	40,605,213
Total net position	$ 123,037,907	$ 75,959,087	$ 84,344,215	$ 60,905,084	$ 207,382,122	$ 136,864,171

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Forney exceeded the liabilities and deferred inflows of resources by $207,382,122 as of September 30, 2022. The City's net position increased by $26,566,755 for fiscal year ended September 30, 2022.

Net Investment in Capital Assets – The largest portion of the City's net position, 67%, reflects the City's net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Restricted Net Position – The restricted net position of $36,290,421, or 17% of total net position represents resources that are subject to external restrictions or their use, or by enabling legislation. Restricted net position is comprised of state imposed restrictions; namely 38% for impact fees and 54% for courts fees restricted for use within the municipal court.

Unrestricted Net Position – Unrestricted net position of $32,676,832 is available to fund City programs to citizens and obligations to creditors.

CHANGES IN NET POSITION

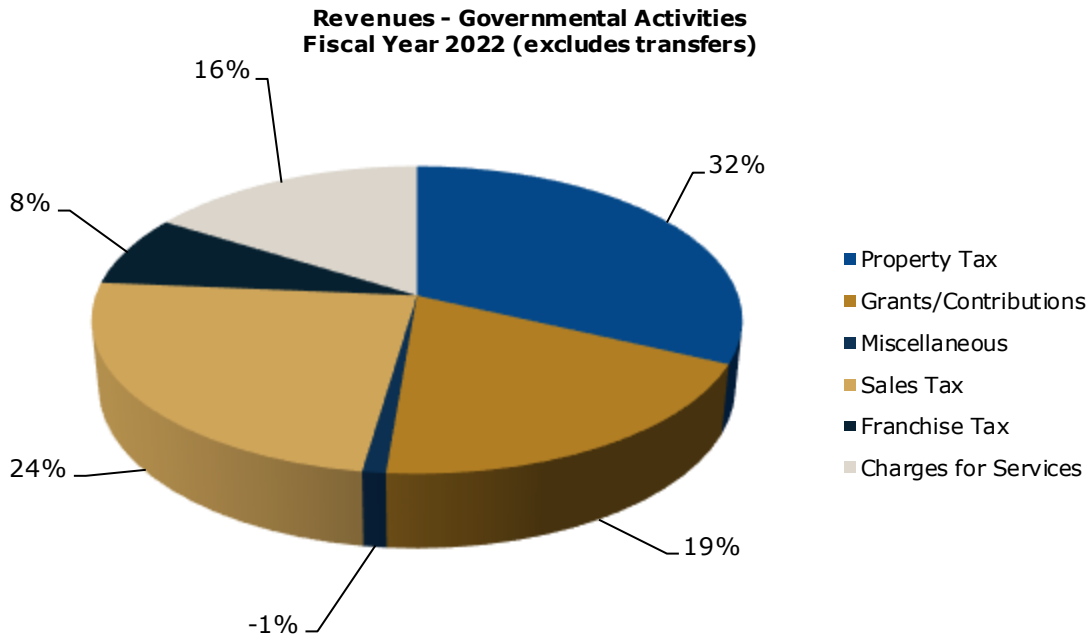
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 7,577,114	$ 10,398,145	$ 27,549,698	$ 27,422,723	$ 35,126,812	$ 37,820,868
Operating grants and contributions	47,156	1,627,435	-	175,360	47,156	1,802,795
Capital grants and contributions	9,010,460	2,305,917	4,070,260	-	13,080,720	2,305,917
General revenues:						
Property taxes	15,063,814	13,228,918	-	-	15,063,814	13,228,918
Franchise taxes	3,527,220	3,625,118	-	-	3,527,220	3,625,118
Sales taxes	11,325,531	9,681,490	-	-	11,325,531	9,681,490
Other taxes	205,895	107,545	-	-	205,895	107,545
Investment income	(1,079,925)	71,047	27,949	4,450	(1,051,976)	75,497
Miscellaneous	400,146	117,650	214,255	171,114	614,401	288,764
Total revenues	46,077,411	41,163,265	31,862,162	27,773,647	77,939,573	68,936,912
Expenses:						
General government	8,424,525	6,148,822	-	-	8,424,525	6,148,822
Public safety	11,130,641	10,417,689	-	-	11,130,641	10,417,689
Public works	5,217,743	8,087,331	-	-	5,217,743	8,087,331
Public services and operations	973,473	886,190	-	-	973,473	886,190
Parks and recreation	2,564,170	2,556,071	-	-	2,564,170	2,556,071
Interest on long-term debt	801,325	1,092,306	-	-	801,325	1,092,306
Utilities	-	-	22,260,941	21,479,654	22,260,941	21,479,654
Total expenses	29,111,877	29,188,409	22,260,941	21,479,654	51,372,818	50,668,063
Increases in net position before transfers and extraordinary item (expense)	16,965,534	11,974,856	9,601,221	6,293,993	26,566,755	18,268,849
Transfers	124,191	2,932,018	(124,191)	(2,932,018)	-	-
Increase (decrease) in net position	17,089,725	14,906,874	9,477,030	3,361,975	26,566,755	18,268,849
Net position, beginning	75,959,087	61,052,213	60,905,084	57,543,109	136,864,171	118,595,322
Prior period adjustment	29,989,095	-	13,962,101	-	43,951,196	-
Net position, ending	$ 123,037,907	$ 75,959,087	$ 84,344,215	$ 60,905,084	$ 207,382,122	$ 136,864,171

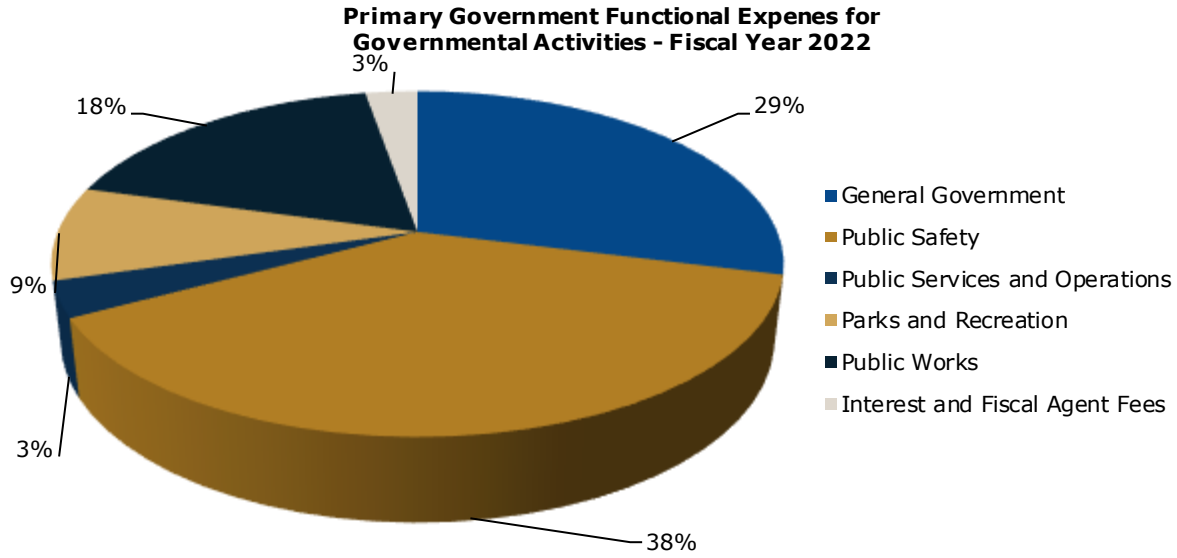
Governmental activities net position before transfers increased by $4,990,678, primarily due to an increase in capital contributions. Property tax revenues increased despite the City adopting a lower tax rate. This was primarily attributed to an 18% increase in certified appraised values.

Business-type activities net position before transfers and extraordinary expense increased by $3,307,228. This is primarily due to developer contributions in FY22 and a decrease in utility expenses.

Governmental-type activities – Governmental-type activities increased the City's net position by $17,089,725. Key elements of this increase are as follows:

Property tax revenue increased due to an increase in appraised values. Sales tax revenue continued to increase, keeping in line with the City's current growth. Additionally, the City restated beginning net position by $29,989,095 to record infrastructure donated by developers in prior years.





Business-type activities – Business type activities increased the City of Forney's net position by $9,477,030. Additionally, an increase of $13,962,101 related to a prior period adjustment to record infrastructure donated by developers in prior years was recorded. Finally, the City received an additional $4,070,620 in developer contributions in 2022.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Forney uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds – The focus of the City of Forney's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of the city's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the city itself, or a group or individual authorized by the governing body to assign resources for a particular purpose.

At the close of the current fiscal year, the governmental funds reported combined ending fund balances of $43,799,692, an increase of $236,801, or 1% in comparison with the prior year. The components of total fund balances are as follows:

- Restricted fund balances of $28,219,995 consist of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Obligations for bonded debt is $1,737,769, or 6%, and debt proceeds for capital expenditures of $19,491,689, or 69%, account for the majority of restricted fund balances. Restrictions imposed by legislation amounts to $6,990,537 or 25%.

- Committed fund balance of $35,703 is for the police department as imposed by City Council for specific purposes.

- Assigned fund balance of $12,517,229 is for general reserve and use in the subsequent year's budget as imposed by City Council or City Management for specific purposes.

As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance equates to 13% of total General Fund expenditures.

Significant changes in fund balances of major funds are as follows:

- The General Fund's fund balance decreased by $7,952,602 or 34%, partially due to negative investment earnings in the amount of $1.1 million, and primarily due to a $15 million transfer to the capital projects fund.

- The Debt Service Fund's fund balance decreased by $301,377, or 15%, due to principal and interest expenditures for two bond issues being paid from fund balance.

- The Roadway Impact Fund's fund balance increased by $739,232, or 14%, due to an increase in impact fees received.

- The Capital Projects Fund's fund balance increased by $7,298,231, or 60%, largely due to a $15 million transfer in from the General Fund.

Proprietary Funds

The City of Forney's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $23,273,358.

General Fund Budgetary Highlights

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts mainly in the areas of property tax, sales tax, franchise tax, and license and permit revenues. Expenditures were less than budgeted in the majority of departments for salary and benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets—The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounted to $162,258,709 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, vehicles and construction in progress. This amount represents a net decrease (including additions and deductions) of $909,345 (net of accumulated depreciation) from the prior fiscal year.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Roadway improvements
- Water and sewer line improvements

CITY OF FORNEY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	$8,444,675	$5,017,448	$703,953	$703,953	$9,148,628	$5,721,401
Infrastructure	69,518,100	34,782,504	52,444,029	31,706,009	121,962,129	66,488,513
Buildings and improvements	19,226,002	17,960,981	-	-	19,226,002	17,960,981
Machinery and equipment	4,449,309	3,426,614	1,182,801	1,263,104	5,632,110	4,689,718
Construction in progress	5,217,681	2,922,536	1,072,159	55,868	6,289,840	2,978,404
Total	$ 106,855,767	$ 64,110,083	$ 55,402,942	$ 33,728,934	$ 162,258,709	$ 97,839,017

More detailed information about capital assets is presented on pages 35-36 in the notes to the financial statements.

CITY OF FORNEY'S OUTSTANDING BONDS AND NOTES PAYABLE AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds and certificates of obligation	$ 19,725,000	$ 23,265,000	$ 2,485,000	$ 2,920,000	$ 22,210,000	$ 26,185,000
Pass-through toll revenue and limited tax bonds	4,645,000	7,565,000	-	-	4,645,000	7,565,000
Tax Notes	630,000	930,000	-	-	630,000	930,000
Notes payable	174,231	219,724	-	-	174,231	219,724
Total	$ 25,174,231	$ 31,979,724	$ 2,485,000	$ 2,920,000	$ 27,659,231	$ 34,899,724

The City's long term debt decreased by $7,240,493 due to payments made throughout the year. More detailed information about the long-term obligations is presented on pages 37-40 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2023 budget, tax rates, and fees that will be charged for the business-type activities. The City will finish FY 2022 with an unexpected surplus in funds as Forney has continued to experience unprecedented growth in both sales tax and building permits and associated fees.

The property tax base in Forney has continued to grow at a rapid rate with a 107% increase in values in the last 5 years. The increased values and early redemption of debt have allowed for a decrease in the property tax rate of just over $0.18 in the same time period. This budget proposes a tax rate of $0.43551 and will raise an additional $1,180,503 or 9.21% in property tax revenue from FY 2022.

Both sales tax and building permit revenue depend on the health of the economy. Therefore, the fiscal year 2023 budget includes a conservative 7% increase in sales tax over the actual collections in fiscal year 2022 and no increase in building permit revenue or associated fees. Commercial and retail permit sales continue to be strong however, residential permit sales have decreased dramatically with rising rates and inflation.

Forney's continued growth and increased revenue will allow the funding of additional staff and supplies required to meet the needs of the citizens. The fiscal year 2023 budget includes 20 new positions and adjusted pay pans or all City Employees. All employees will receive a 3% cost of living adjustment and non-uniformed employees will be eligible for a possible 2% merit adjustment.

North Texas Municipal Water District (NTMWD) is increasing the cost of water purchases by $.40 per 1,000 gallons or 13.4% for Fiscal Year 2023. The FY2023 budget proposes passing the cost increase on to all water customers to include residential, commercial, wholesale, and industrial.

Additionally, NTMWD is increasing the cost of wastewater treatment and transmission and this cost will be passed on to customers through a $1.00 monthly increase in the sewer service charge.

The City recently renewed the contract for solid waste disposal services, and the contract includes a provision that there will be no rate increase to the City for a period of three years. Therefore, the fiscal year 2023 budget does not include any increase in garbage rates.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Division, City of Forney, P.O. Box 826, Forney, Texas 75126-0826.

BASIC
FINANCIAL STATEMENTS

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CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Forney EDC
ASSETS				
Cash and investments	$ 50,822,396	$ 20,923,799	$ 71,746,195	$ 8,095,674
Receivables (net of allowances)				
Taxes receivable	2,219,545	-	2,219,545	641,794
Accounts receivable	256,721	2,430,388	2,687,109	150
Lease receivable	-	-	-	59,037
Intergovernmental receivable	863,492	-	863,492	-
Restricted assets:				
Cash and investments	-	9,328,193	9,328,193	-
Capital assets, not being depreciated	13,662,356	1,776,112	15,438,468	404,263
Capital assets, being depreciated, net	93,193,411	53,626,830	146,820,241	2,507,755
Total assets	161,017,921	88,085,322	249,103,243	11,708,673
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	415,748	65,576	481,324	-
Pension related	2,339,283	331,518	2,670,801	33,260
OPEB related	78,280	11,094	89,374	1,113
Total deferred outflows of resources	2,833,311	408,188	3,241,499	34,373
LIABILITIES				
Accounts payable	442,591	326,696	769,287	13,609
Accrued liabilities	639,446	87,603	727,049	9,434
Due to other governments	32,826	-	32,826	-
Unearned revenue	6,772,867	57,579	6,830,446	-
Accrued interest payable	113,460	16,794	130,254	10,097
Customer & developer deposits	1,216,899	463,449	1,680,348	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	3,931,794	455,000	4,386,794	115,000
Compensated absences	132,356	12,243	144,599	2,116
Due in more than one year:				
Long-term debt	22,541,069	2,042,301	24,583,370	1,305,000
Compensated absences	397,069	36,728	433,797	6,347
Net pension liability	2,466,853	349,597	2,816,450	35,074
Total OPEB liability	264,490	37,483	301,973	3,761
Total liabilities	38,951,720	3,885,473	42,837,193	1,500,438
DEFERRED INFLOWS OF RESOURCES				
Lease related	-	-	-	58,920
Pension related	1,813,006	256,935	2,069,941	25,777
OPEB related	48,599	6,887	55,486	691
Total deferred inflows of resources	1,861,605	263,822	2,125,427	85,388
NET POSITION				
Net investment in capital assets	85,443,652	52,971,217	138,414,869	1,492,018
Restricted:				
Use of impact fees	5,871,094	8,099,640	13,970,734	-
Debt service	1,708,555	-	1,708,555	-
Municipal court use	79,638	-	79,638	-
Capital improvements	19,491,689	-	19,491,689	-
Public improvement district	855,064	-	855,064	-
Tourism	184,741	-	184,741	-
Unrestricted	9,403,474	23,273,358	32,676,832	8,665,202
Total net position	$ 123,037,907	$ 84,344,215	$ 207,382,122	$ 10,157,220

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Function/Program Activities	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	$ 8,424,525	$ 6,743	$ -
Public safety	11,130,641	2,450,837	47,156
Public services and operations	973,473	-	-
Parks and recreation	2,564,170	158,228	-
Public works	5,217,743	4,961,306	-
Interest and charges on long-term debt	801,325	-	-
Total governmental activities	29,111,877	7,577,114	47,156
Business-type activities:			
Utility fund	22,260,941	27,549,698	-
Total Business-type activities	22,260,941	27,549,698	-
Total primary government	51,372,818	35,126,812	47,156
Component unit:			
Economic development	3,080,413	73,708	-
Total Component unit	$ 3,080,413	$ 73,708	$ -

General revenues:
- Property taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Miscellaneous
- Investment income

Transfers

Total general revenues and transfers

Change in net position

Net position -- beginning

Prior period adjustment

Net position -- ending

The accompanying notes are an integral part of these financial statements.

Program Revenue	Net (Expense) Revenue and Changes in Net Position			Component Unit
Capital Grants and Contributions	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Forney EDC
$ -	$(8,417,782)	$ -	$(8,417,782)	$ -
-	(8,632,648)	-	(8,632,648)	-
-	(973,473)	-	(973,473)	-
-	(2,405,942)	-	(2,405,942)	-
9,010,460	8,754,023	-	8,754,023	-
-	(801,325)	-	(801,325)	-
9,010,460	(12,477,147)	-	(12,477,147)	-
4,070,260	-	9,359,017	9,359,017	-
4,070,260	-	9,359,017	9,359,017	-
13,080,720	(12,477,147)	9,359,017	(3,118,130)	-
-				(3,006,705)
$ -				$(3,006,705)
	15,063,814	-	15,063,814	-
	11,325,531	-	11,325,531	3,775,177
	3,527,220	-	3,527,220	-
	205,895	-	205,895	-
	400,146	214,255	614,401	4,082
	(1,079,925)	27,949	(1,051,976)	3,175
	124,191	(124,191)	-	-
	29,566,872	118,013	29,684,885	3,782,434
	17,089,725	9,477,030	26,566,755	775,729
	75,959,087	60,905,084	136,864,171	9,381,491
	29,989,095	13,962,101	43,951,196	-
	$ 123,037,907	$ 84,344,215	$ 207,382,122	$ 10,157,220

CITY OF FORNEY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Roadway Impact Fund
ASSETS			
Cash and investments	$ 15,925,487	$ 1,727,611	$ 5,871,094
Taxes receivable, net	2,125,141	94,404	-
Due from other governments	-	863,492	-
Accounts receivable	256,721	-	-
Total assets	18,307,349	2,685,507	5,871,094
LIABILITIES			
Accounts payable	431,437	-	-
Accrued salaries and wages	639,446	-	-
Due to other governments	32,826	-	-
Developer deposits	1,216,899		
Unearned revenues	17,311	-	-
Total liabilities	2,337,919	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	310,095	947,738	-
Total deferred inflows of resources	310,095	947,738	-
FUND BALANCES			
Restricted for:			
Debt service	-	1,737,769	-
Use of impact fees	-	-	5,871,094
Capital improvements	-	-	-
Municipal court use	79,638	-	-
Tourism	-	-	-
Public Improvement District	-	-	-
Committed for:			
Police	35,703	-	-
Assigned for:			
General reserve	4,920,115	-	-
Subsequent year's budget	7,597,114	-	-
Unassigned	3,026,765	-	-
Total fund balances	15,659,335	1,737,769	5,871,094
Total liabilities, deferred inflows, and fund balances	$ 18,307,349	$ 2,685,507	$ 5,871,094

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	ARPA Fund	Total Nonmajor Funds	Total Governmental Funds
$ 19,496,423	$ 6,755,556	$ 1,046,225	$ 50,822,396
-	-	-	2,219,545
-	-	-	863,492
-	-	-	256,721
19,496,423	6,755,556	1,046,225	54,162,154
4,734	-	6,420	442,591
-	-	-	639,446
-	-	-	32,826
	-		1,216,899
-	6,755,556	-	6,772,867
4,734	6,755,556	6,420	9,104,629
-	-	-	1,257,833
-	-	-	1,257,833
-	-	-	1,737,769
-	-	-	5,871,094
19,491,689	-	-	19,491,689
-	-	-	79,638
-	-	184,741	184,741
-	-	855,064	855,064
-	-	-	35,703
-	-	-	4,920,115
-	-	-	7,597,114
-	-	-	3,026,765
19,491,689	-	1,039,805	43,799,692
$ 19,496,423	$ 6,755,556	$ 1,046,225	$ 54,162,154

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CITY OF FORNEY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances - governmental funds		$ 43,799,692
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		106,855,767
Revenue reported as unavailable revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements		
Property taxes	244,988	
Court fines and fees	149,353	
Pass-through toll grant	863,492	
Subtotal		1,257,833
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an expenditure is reported when due.		(113,460)
Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Also, the loss on refunding of bonds, the premium on issuance of bonds and deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.		
Bonds payable	(24,370,000)	
Premiums and discounts on bonds payable	(1,298,632)	
Notes payable	(804,231)	
Compensated absences	(529,425)	
Net pension liability	(2,466,853)	
Net other post-employment benefit liability	(264,490)	
Deferred loss on bond refunding	415,748	
Deferred outflows and inflows related to pension	526,277	
Deferred outflows and inflows related to other post-employment benefit	29,681	
Subtotal		(28,761,925)
Net position of governmental activities		$ 123,037,907

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Roadway Impact Fund
REVENUES			
Property taxes	$ 8,415,728	$ 3,436,173	$ -
Sales taxes	11,325,531	-	-
Hotel/motel taxes	-	-	-
Franchise taxes	3,527,220	-	-
Beverage taxes	70,731	-	-
Licenses and permits	5,702,180	-	-
Intergovernmental revenues	40,676	4,019,141	-
Charges for services	1,468,830	4,954	-
Impact fees	-	-	1,792,142
Fines and forfeitures	195,911	-	-
Investments earnings	(1,138,794)	23,941	13,125
Contributions and donations	7,182	-	-
Miscellaneous	190,773	-	-
Total revenues	29,805,968	7,484,209	1,805,267
EXPENDITURES			
Current:			
General government	6,422,890	-	-
Public safety	11,135,139	-	-
Public works	3,539,023	-	19,035
Public services and operations	1,001,452	-	-
Culture and recreation	1,930,395	-	-
Debt service:			
Principal	-	6,805,493	-
Interest	-	1,035,460	-
Capital outlay	-	-	-
Total expenditures	24,028,899	7,840,953	19,035
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,777,069	(356,744)	1,786,232
OTHER FINANCING SOURCES (USES)			
Transfers in	1,270,329	55,367	-
Transfers out	(15,000,000)	-	(1,047,000)
Insurance recoveries	-	-	-
Total other financing sources (uses)	(13,729,671)	55,367	(1,047,000)
NET CHANGE IN FUND BALANCE	(7,952,602)	(301,377)	739,232
FUND BALANCE - BEGINNING	23,611,937	2,039,146	5,131,862
FUND BALANCE - ENDING	$ 15,659,335	$ 1,737,769	$ 5,871,094

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	ARPA Fund	Total Nonmajor Funds	Total Governmental Funds
$ 2,280,485	$ -	$ 821,781	$ 14,954,167
-	-	-	11,325,531
-	-	135,164	135,164
-	-	-	3,527,220
-	-	-	70,731
-	-	-	5,702,180
-	6,480	192,402	4,258,699
91,251	-	-	1,565,035
-	-	-	1,792,142
-	-	-	195,911
20,151	-	1,652	(1,079,925)
-	-	-	7,182
14,276	-	-	205,049
2,406,163	6,480	1,150,999	42,659,086
-	6,480	697,682	7,127,052
-	-	-	11,135,139
1,280,942	-	-	4,839,000
-	-	-	1,001,452
-	-	-	1,930,395
-	-	-	6,805,493
-	-	-	1,035,460
8,714,660	-	-	8,714,660
9,995,602	6,480	697,682	42,588,651
(7,589,439)	-	453,317	70,435
16,047,000	-	-	17,372,696
(1,201,505)	-	-	(17,248,505)
42,175	-	-	42,175
14,887,670	-	-	166,366
7,298,231	-	453,317	236,801
12,193,458	-	586,488	43,562,891
$ 19,491,689	$ -	$ 1,039,805	$ 43,799,692

CITY OF FORNEY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds:	$ 236,801
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays for the fiscal year.	15,925,796
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(3,131,516)
Other miscellaneous transactions involving capital assets, including disposals and adjustments, are reported in the statement of activities and statement of net position. However, these transactions do not require the use of current financial resources, and are therefore not reported in the governmental fund financial statements.	(37,691)
Current year long-term debt principal payments on contractual obligations, bonds payable and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	
Principal paid on bonds	6,805,493
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	42,558
Premiums, discounts and deferred losses on refunding are recognized in the fund financial statements as other and shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.	191,577
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	61,959
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(3,797,295)
Certain pension and other post-employment (OPEB) expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows and inflows. These items relate to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension and OPEB liabilities were amortized.	792,043
Change in net position - statement of activities	$ 17,089,725

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2022

	Business-Type Activities Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 9,841,988
Investments	11,081,811
Restricted cash and cash equivalents	9,328,193
Accounts receivable, net	2,430,388
Total current assets	32,682,380
Noncurrent assets:	
Capital assets not being depreciated	1,776,112
Capital assets (net of accumulated depreciation)	53,626,830
Total noncurrent assets	55,402,942
Total assets	88,085,322
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	65,576
Deferred outflow related to pensions	331,518
Deferred outflow related to other post-employment benefit	11,094
Total deferred outflows of resources	408,188
LIABILITIES	
Current liabilities:	
Accounts payable	326,696
Accrued liabilities	87,603
Accrued interest payable	16,794
Unearned revenue	57,579
Bonds and notes payable- current	455,000
Compensated absences - current	12,243
Customer deposits	463,449
Total current liabilities	1,419,364
Noncurrent liabilities:	
Bonds payable	2,042,301
Compensated absences	36,728
Net pension liability	349,597
Net other post-employment benefit liability	37,483
Total noncurrent liabilities	2,466,109
Total liabilities	3,885,473
DEFERRED INFLOWS OF RESOURCES	
Deferred resource inflow related to pension	256,935
Deferred resource inflow related to other post-employment benefit	6,887
Total deferred inflows of resources	263,822
NET POSITION	
Net investment in capital assets	52,971,217
Restricted for user impact fees	8,099,640
Unrestricted	23,273,358
Total net position	$ 84,344,215

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Utility Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer sales	$ 24,984,622
Refuse collection	1,138,010
Impact fees	1,427,066
Miscellaneous revenue	214,255
Total operating revenues	27,763,953
OPERATING EXPENSES	
Personnel services	2,511,383
Supplies and materials	96,517
Maintenance and repair	1,049,258
Contracted services	682,842
Water purchases	12,368,651
Interceptor fees	2,946,618
Refuse collection	820,146
Depreciation	1,733,225
Total operating expenses	22,208,640
OPERATING INCOME	5,555,313
NON-OPERATING REVENUES (EXPENSES)	
Capital contributions	4,070,260
Investment earnings	27,949
Interest expense	(52,301)
Total nonoperating revenues (expenses)	4,045,908
INCOME BEFORE TRANSFERS	9,601,221
TRANSFERS IN (OUT)	
Transfers in	1,146,138
Transfers out	(1,270,329)
CHANGE IN NET POSITION	9,477,030
TOTAL NET POSITION - BEGINNING	60,905,084
PRIOR PERIOD ADJUSTMENT	13,962,101
TOTAL NET POSITION - ENDING	$ 84,344,215

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 24,672,965
Payments to suppliers and service providers	(17,751,476)
Payments to employees for salaries and benefits	(2,425,097)
Net cash provided by (used for) operating activities	4,496,392
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,146,138
Transfers to other funds	(1,270,329)
Net cash provided by (used for) noncapital financing activities	(124,191)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(5,374,872)
Payments on long-term debt	(435,000)
Interest paid on capital debt	(45,544)
Net cash provided by (used for) capital and related financing activities	(5,855,416)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	27,949
Purchase of investments	(479)
Net cash provided by (used for) investing activities	27,470
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,455,745)
CASH AND CASH EQUIVALENTS - BEGINNING	20,625,926
CASH AND CASH EQUIVALENTS - ENDING	19,170,181
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:	
Operating income (loss)	5,555,313
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	1,733,225
(Increase) decrease in accounts receivable	275,918
Increase (decrease) in accounts payable	195,405
Increase (decrease) in accrued liabilities	3,631
Increase (decrease) in customer deposits	13,520
Increase (decrease) in unearned revenues	(3,366,906)
Increase (decrease) in net pension liability	47,885
Increase (decrease) in net OPEB liability	15,276
Increase (decrease) in compensated absences	23,125
Total adjustments	(1,058,921)
Net cash provided by (used for) operating activities	$ 4,496,392

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Forney ("City") was originally incorporated in 1910 and operates under a home rule charter adopted in an election held November 4, 1997 and a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services provided are public safety (police and fire protection), municipal court, streets, engineering, water distribution, sewer collection, recreation, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accounts in the publication entitled State and Local Governments-Audit and Accounting Guide and by the Financial Accounting Standards Board when applicable. The more significant accounting policies of the City are described below:

A. Reporting Entity

The City is a municipal corporation governed by an elected Mayor and six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units."

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of primary government. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements.

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component unit have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Discretely Presented Component Unit

The City has one component unit, Forney Economic Development Corporation ("EDC"). The EDC was incorporated September 15, 1994 and is governed by a seven-member board appointed by and serving at the pleasure of the City Council. Thus, the EDC is legally separate, but due to the City appointing the voting majority of the EDC board, it is classified as a discretely presented component unit. The funding for the EDC occurs by the City transferring ¼ of City sales tax collections to the EDC. Adding the creation of the EDC to the resources currently available will more than double the current ability to assist economic development prospects. All of the EDC funding can be used for direct assistance to business prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. The EDC does not issue separate financial statements.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees, and interest income).

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement applied. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. The economic resources measurement focus means all assets, deferred outflows/inflows of resources, and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, franchise taxes, hotel occupancy taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements costs that are not paid through other funds are paid from this fund.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The ***Roadway Impact Fund*** special revenue fund accounts for the resources accumulated in the form of roadway impact fees for maintenance and operations of infrastructure and future projects.

The ***Capital Projects Fund*** accounts for the acquisition or construction of infrastructure and building projects being financed from bond proceeds, grants, and transfers from other funds.

The ***ARPA Fund*** accounts for federal funds granted through the American Rescue Plan Act.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City:

The ***Utility Fund*** accounts for the operation of the City's water and sanitary sewer utility and trash collection which are self-supporting activities rendering services on a user-charge basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, and then use the unrestricted resources as needed.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Fund Balance or Net Position

1. Cash and Investments

Cash of all funds is pooled into a common interest-bearing bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

For purposes of the statement of cash flows, proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Inventories and prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Interfund Transactions, Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as "due to/from other funds."

4. Property Taxes and Other Receivables

Property Taxes

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review established appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraisal values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, of the no new revenue rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceed the rate of the previous year by more than 3.5%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 3.5% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed value. The City's property tax rate for the current fiscal year is $0.50107 per $100 assessed value.

Allowances for Uncollectible Accounts

Governmental trade and property tax receivables are shown net of an allowance for uncollectible. All other allowances for uncollectible accounts are based on historical collection rates. The property tax receivable allowance is based on the average collection rate of delinquent taxes over the last 20 years.

The allowance for uncollectible accounts for utility billing in the enterprise fund is estimated based on a percentage of aged balances outstanding.

5. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of the other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents and investments set aside for repayment of customer's water/sewer deposits, impact fees, specific capital additions and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and wastewater services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

6. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The City defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical if historical cost is not available. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-40
Buildings	20-50
Building Improvements	10-25
Vehicles	5
Office Equipment	5
Machinery and Equipment	5-10

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. All vacation and comp time is accrued at the close of the fiscal year end in the government-wide and proprietary fund financial statements.

8. Long-term Debt

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items, which arise only under a full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items deferred loss on bond refunding and deferred resource outflows related to the City's pension and other post-employment benefit plans are reported in the statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and notes receivable from TX DOT. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the City has two types of deferred inflow of resources that are required to be reported under the full accrual basis of accounting. These items, deferred resource inflows related to the City's pension and other post-employment benefit plans, are reported in the statement of net position.

10. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City Council can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or City Manager per the City's Fund Balance Policy.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

It is the City's goal to achieve and maintain an unassigned fund balance in the General Fund equal to 5% of yearly expenditures. The City considers a balance of less than 5% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

12. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

14. Leases

The EDC is a lessor for noncancellable leases and recognizes a lease receivable and a deferred inflow of resources in the government - wide and governmental fund financial statements. At the commencement of a lease, the EDC initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the EDC determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The EDC uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The EDC monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The City has not entered into any lease agreements.

15. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

II. BUDGETS AND BUDGETARY ACCOUNTING

The City's Home Rule Charter provides for the submission of the budget to the City Council by the City Manager. The City's fiscal year runs October 1 through September 30.

The following procedures are followed in establishing the budgetary data:

- No later than August 15th, the City management submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The City Manager or Director of Finance is authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.
- Budgets for the General Fund, Debt Service Fund, Roadway Impact Fund, Capital Projects Fund, and Hotel/Motel Tax Fund are legally adopted on a basis consistent with generally accepted accounting principles. The City does not legally adopt a budget for the Fox Hollow PID Fund. The majority of the City's Capital Projects Funds are budgeted on an annual basis. For budgeted capital projects not expended during the fiscal year, the City will roll those balances into the following year's budget.
- According to the City Charter, total estimated expenditures of the General Fund are to be budgeted.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures Exceeding Appropriations

For the year ended September 30, 2022, total expenditures exceeded appropriations in the following funds:

Fund	Budget Overage
General Fund	$ 195,551
Debt Service	906,953
Roadway Impact	108

These overages were funded with existing fund balance.

IV. CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of September 30, 2022, the City had the following investments:

	9/30/2022	Fair Value Measurement Using (Level 1)	Fair Value Measurement Using (Level 2)	Weighted Average Maturity (Days)
Primary government				
Certificates of deposit	$ 5,126			
Investment pools:				
TexPool	15,613,100			37
TexStar	5,021,119			39
Total investment pools	20,634,219			
Investments by fair value level:				
Debt securities:				
U.S. Treasury Bonds	$ 14,495,590	$ 14,495,590	$ -	608
Federal Home Loan Bank Bonds	33,346,290	-	33,346,290	753
Federal Farm Credit Bank Bonds	4,872,145	-	4,872,145	230
Hawaii ST-GB Municipal Bonds	3,000,000	-	3,000,000	366
Lloyds Bank Commercial Paper	4,925,460	-	4,925,460	1
Total debt securities	60,639,485	14,495,590	46,143,895	
Total investments of the primary government	$ 81,278,830	$ 14,495,590	$ 46,143,895	
Portfolio weighted average maturity (days)				454
Component unit				
Certificates of deposit	$ 6,868			
Investment pools:				
TexPool	207,983			37
Total investments of the component unit	214,851			
Total investments of the reporting entity	$ 81,493,681			

Of the City's total fair value investments, $4,925,460 were valued using the present value of expected future cash flow model, $19,367,735 were valued using option-adjusted discounted cash flow model, and $36,346,290 were valued using documented trade history in exact security. The City invests in external investment pools with a credit rating of AAAm.

Analysis of Specific Deposit and Investment Risks

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, the City was not significantly exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

As of September 30, 2022, the City's deposit balances were under collateralized by securities held by the financial institution in the City's name or by Federal Deposit Insurance Corporation ("FDIC") insurance by $1,729,695.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

V. RECEIVABLES

Receivables as of year-end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds		Proprietary	
	General	Debt Service	Utility	Total
Accounts	$ 854,133	$ -	$ 2,765,353	$ 3,619,486
Taxes	2,184,786	124,730	-	2,309,516
Intergovernmental	-	863,492	-	863,492
Gross Receivables	3,038,919	988,222	2,765,353	6,792,494
Less: Allowance for uncollectibles	(657,057)	(30,326)	(334,965)	(1,022,348)
Net receivables	$ 2,381,862	$ 957,896	$ 2,430,388	$ 5,770,146

VI. LEASE RECEIVABLES

A summary of leases receivable as of September 30, 2022, are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Receivable	Revenue Current Year	Receivable 09/30/22
Component Unit - Forney EDC:					
Right to Use:					
Building	0.475%	2022	$ 82,489	23,568	59,037
Total leases receivable				$ 23,568	$ 59,037

VII. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

Governmental activities:	Beginning Balance	Additions	Deletions/ Transfers	Prior Period Adjustment	Ending Balance
Capital assets, not being depreciated:					
Land	$ 5,017,448	$ -	$ 3,427,227	$ -	$ 8,444,675
Construction in progress	2,922,536	7,886,641	(5,591,496)	-	5,217,681
Total assets not being depreciated	7,939,984	7,886,641	(2,164,269)	-	13,662,356
Capital assets, being depreciated:					
Buildings and improvements	24,463,501	6,620	1,888,047	-	26,358,168
Machinery and equipment	11,942,651	821,399	(24,435)	-	12,739,615
Infrastructure	49,499,237	7,211,136	58,090	30,154,938	86,923,401
Total capital assets being depreciated	85,905,389	8,039,155	1,921,702	30,154,938	126,021,184
Less accumulated depreciation:					
Buildings and improvements	(6,502,521)	(629,645)	-	-	(7,132,166)
Machinery and equipment	(7,155,018)	(1,174,321)	39,033	-	(8,290,306)
Infrastructure	(16,077,751)	(1,327,550)	-	-	(17,405,301)
Total accumulated depreciation	(29,735,290)	(3,131,516)	39,033	-	(32,827,773)
Total capital assets being depreciated, net	56,170,099	4,907,639	1,960,735	30,154,938	93,193,411
Governmental activities capital assets, net	$ 64,110,083	$ 12,794,280	$(203,534)	$ 30,154,938	$ 106,855,767

Business-type activities:	Beginning Balance	Additions	Deletions/ Transfers	Prior Period Adjustment	Ending Balance
Capital assets, not being depreciated:					
Land	$ 703,953	$ -	$ -	$ -	$ 703,953
Construction in progress	55,868	5,031,134	(4,014,843)	-	1,072,159
Total assets not being depreciated	759,821	5,031,134	(4,014,843)	-	1,776,112
Capital assets, being depreciated:					
Sewer plant & infrastructure	15,460,474	2,472,056	4,216,717	8,414,270	30,563,517
Water plant & infrastructure	28,071,932	1,598,204	(201,874)	5,547,831	35,016,093
Machinery and equipment	3,075,019	343,738	-	-	3,418,757
Total capital assets being depreciated	46,607,425	4,413,998	4,014,843	13,962,101	68,998,367
Less accumulated depreciation:					
Sewer plant & infrastructure	(3,513,403)	(503,315)	-	-	(4,016,718)
Water plant & infrastructure	(8,312,994)	(805,869)	-	-	(9,118,863)
Machinery and equipment	(1,811,915)	(424,041)	-	-	(2,235,956)
Total accumulated depreciation	(13,638,312)	(1,733,225)	-	-	(15,371,537)
Total capital assets being depreciated, net	32,969,113	2,680,773	4,014,843	13,962,101	53,626,830
Business-type activities capital assets, net	$ 33,728,934	$ 7,711,907	$ -	$ 13,962,101	$ 55,402,942

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 1,498,602
Public safety	507,222
Public works	432,184
Public services and operations	29,392
Culture and recreation	664,116
Total	$ 3,131,516
Business-type activities:	
Utility	$ 1,733,225
Total	$ 1,733,225

Capital asset activity for the discretely presented component unit, Forney EDC, as of September 30, 2022, is as follows:

Component Unit - Forney EDC	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 404,263	$ -	$ -	$ 404,263
Total assets not being depreciated	404,263	-	-	404,263
Capital assets, being depreciated:				
Buildings and improvements	2,466,497	601,870	-	3,068,367
Machinery, furniture and equipment	50,416	-	-	50,416
Total capital assets being depreciated	2,516,913	601,870	-	3,118,783
Less accumulated depreciation:				
Buildings and improvements	(291,453)	(289,531)	-	(580,984)
Machinery, furniture and equipment	(22,637)	(7,407)	-	(30,044)
Total accumulated depreciation	(314,090)	(296,938)	-	(611,028)
Total capital assets being depreciated, net	2,202,823	304,932	-	2,507,755
Business-type activities capital assets, net	$ 2,607,086	$ 304,932	$ -	$ 2,912,018

VIII. CONSTRUCTION COMMITMENTS

The City has several active construction projects as of September 30, 2022. The projects include street infrastructure, water/sewer infrastructure improvements, park improvements, and building improvements.

A summary of these projects as of September 30, 2022 included the following:

Project	Remaining Commitment
Street improvements	$ 2,051,276
Facilities improvements	9,555,470
Technology projects	887,611
Water/sewer line infrastructure projects	8,558,345
Total	$ 21,052,702

IX. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2022, is as follows:

Governmental activities:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
General obligation bonds and certificates of obligation	$ 23,265,000	$ -	$(3,540,000)	$ 19,725,000	$ 2,690,000
Pass-through toll revenue and limited tax bond	7,565,000	-	$(2,920,000)	4,645,000	885,000
Tax Notes	930,000		(300,000)	630,000	310,000
Plus:					
Issuance premiums	1,783,033	-	(276,809)	1,506,224	-
Less:					
Issuance discounts	(232,854)	-	25,262	(207,592)	-
Financing arrangements	219,724	-	(45,493)	174,231	46,794
Total long-term debt	33,529,903	-	(7,057,040)	26,472,863	3,931,794
Compensated absences	591,384	587,895	(649,854)	529,425	132,356
Total governmental long-term liabilities	$ 34,121,287	$ 587,895	$(7,706,894)	$ 27,002,288	$ 4,064,150

Business-type activities:	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Utility Fund:					
General obligation and certificate of obligation	$ 2,920,000	$ -	$(435,000)	$ 2,485,000	$ 455,000
Plus:					
Issuance premiums	16,402	-	(4,101)	12,301	-
Total long-term debt	2,936,402	-	(439,101)	2,497,301	455,000
Compensated absences	25,846	85,346	(62,221)	48,971	12,243
Total business-type long-term liabilities	$ 2,962,248	$ 85,346	$(501,322)	$ 2,546,272	$ 467,243

Other Information

The liability for compensated absences is liquidated by the General Fund with an estimated 86% and the Utility Fund is responsible for the remaining 14%.

The City's notes payable contains a provision that in the event of default, outstanding amounts become immediately due. The City's general obligation bonds, certificates of obligation, and tax notes contain a provision that in an event of default, creditors may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to debt. As outstanding debt does not become immediately due, the remedy of mandamus may have to be relied upon from year to year.

Governmental Long-Term Debt

Description	Interest Rates	Amounts Issued	Amounts Outstanding September 30, 2022
Certificates of Obligation, Series 2012	1.0% - 3.0%	1,030,000	600,000
General Obligation Bonds, Series 2012	0.4% - 1.9%	2,235,000	195,000
Certificates of Obligation, Series 2014	2.0% - 4.0%	4,945,000	3,535,000
General Obligation Bonds, Series 2014	2.0% - 3.5%	3,440,000	715,000
General Obligation Bonds, Series 2015	3.5% - 4.0%	8,585,000	8,585,000
Certificates of Obligation, Series 2016	2.0% - 3.0%	2,500,000	1,900,000
General Obligation Bonds, Series 2016	2.0% - 4.0%	8,220,000	655,000
Pass-through Toll Revenue & Limited Tax Refunding Bonds, Series 2017	3.0% - 5.0%	11,465,000	4,645,000
General Obligation Bonds, Series 2020	1.29%	3,885,000	3,540,000
Total Bonds Payable		$ 46,305,000	$ 24,370,000

Debt service requirements are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	$ 3,575,000	$ 827,287	$ 4,402,287
2024	2,815,000	718,753	3,533,753
2025	2,905,000	625,731	3,530,731
2026	3,005,000	527,849	3,532,849
2027	2,850,000	421,807	3,271,807
2028-2032	7,885,000	1,132,528	9,017,528
2033-2036	1,335,000	66,572	1,401,572
Total	$ 24,370,000	$ 4,320,527	$ 28,690,527

A brief discussion of each bond issuance follows:

- $1,030,000 Series 2012 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 6, 2012 for the purpose of land acquisition.
- $2,235,000 Series 2012 General Obligation bonds issued November 6, 2012 for the purpose of refinancing the 2000B CO portions of the 2003 CO.
- $4,945,000 Series 2014 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 4, 2014 for the purpose of constructing and equipping a new fire station and an animal shelter.

- $3,440,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.

- $8,585,000 Series 2015 General Obligation Refunding Bonds issued June 1, 2015 for the purpose of refinancing portions of the 2007 General Obligation Bonds.

- $2,500,000 Series 2016 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation issued for the purpose of improvement to certain roadways.

- $8,220,000 Series 2016 General Obligation Refunding Bonds issued August 2, 2016 for the purpose of refinancing portions of the 2007 General Obligation Bonds.

- $11,465,000 Series 2017 Subordinate Lien Pass-through Toll Revenue and Limited Tax Refunding Bonds issued August 15, 2017 for the purpose of refinancing portions of the 2008 Pass-through Toll Revenue and Limited Tax Revenue Bonds.

- $3,885,000 Series 2020 General Obligation Refunding bonds November 19, 2020 for the purpose of refinancing portions of the General Obligation Bonds, Series 2011 and all of the Certificates of Obligation, Series 2011.

Tax Notes Payable

The City issued Series 2017 Tax Notes with BNY Mellon in the amount of $2,055,000 for the purpose of acquisition of public safety equipment on August 15, 2017.

Debt service requirements for this tax note are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	$ 310,000	$ 14,250	$ 324,250
2024	320,000	4,800	324,800
Total	$ 630,000	$ 19,050	$ 649,050

Financing Arrangements

In fiscal year 2018, the City purchased land previously known as Pinson Farm and entered into a financing agreement in the amount of $406,000.

Debt service requirements for this financing arrangement are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	$ 46,794	$ 4,314	$ 51,108
2024	48,131	2,977	51,108
2025	49,507	1,601	51,108
2026	29,799	283	30,082
Totals	$ 174,231	$ 9,175	$ 183,406

Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30, 2022
General Obligation Bonds, Series 2014	2.25%-3.5%	$ 1,290,000	$ 435,000
General Obligation Bonds, Series 2014A	2.25%-3.5%	1,350,000	445,000
General Obligation Bonds, Series 2020 WS	1.29%	1,820,000	1,605,000
		$ 4,460,000	$ 2,485,000

Debt service requirements are as follows:

Year Ending September 30,	Business-type Activities Principal	Interest	Total
2023	$ 455,000	$ 41,052	$ 496,052
2024	465,000	30,671	495,671
2025	475,000	19,684	494,684
2026	175,000	12,932	187,932
2027	180,000	10,643	190,643
2028-2032	735,000	19,060	754,060
Total	$ 2,485,000	$ 134,042	$ 2,619,042

A brief discussion of each bond issuance follows:

- $1,290,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.
- $1,350,000 Series 2014A General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005B Certificates of Obligations.
- $1,820,000 Series 2020 General Obligation Refunding bonds November 19, 2020 for the purpose of refinancing portions of the Certificates of Obligation, Series 2011.

Component Unit Long-term Debt

On September 19, 2013, the Forney EDC issued $2,000,000 of Sales Tax Revenue Bonds, Series 2013. These bonds were issued for the acquisition, improvement and equipment of land, buildings, and facilities to lease or sell to businesses in downtown Forney. Interest rates on the debt are set at 4.25% and final maturity will be in fiscal year 2032.

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Component Unit - Forney EDC:					
Series 2013 Sales Tax Revenue Bond	$ 1,530,000	$ -	$(110,000)	$ 1,420,000	$ 115,000
Total long-term debt	1,530,000	-	(110,000)	1,420,000	115,000
Compensated absences	5,487	15,100	(12,124)	$ 8,463	2,116
Total business-type long-term liabilities	$ 1,535,487	$ 15,100	$(122,124)	$ 1,428,463	$ 117,116

Debt service requirements are as follows:

Year Ending September 30,	Component Unit - Forney EDC Principal	Interest	Total
2023	115,000	67,603	182,603
2024	120,000	62,715	182,715
2025	125,000	57,615	182,615
2026	130,000	51,990	181,990
2027	135,000	46,140	181,140
2028-2032	795,000	124,173	919,173
Total	$ 1,420,000	$ 410,236	$ 1,830,236

X. INTERFUND TRANSFERS

Interfund Transfers

The primary purpose of interfund transfers is the transfer of funds from one fund to support expenditures of another fund in accordance with the authority established for the individual fund.

A summary of interfund transfers by fund type is as follows:

Transfers from	Transfers to	Amount
General fund	Capital Projects fund	$ 15,000,000
Roadway	General fund	697,000
Roadway	Capital Projects fund	350,000
Utility fund	General fund	1,270,329
Capital Projects fund	Utility fund	1,146,138
Capital Projects fund	Debt Service fund	55,367
Total		$ 18,518,834

Transfers to and from the various funds to the capital projects fund are made in order to fund capital projects or other capital purchases. Transfers made from the utility fund to the general fund were made in order to fund capital projects. The transfer made from capital projects to debt service fund is to cover debt service payments.

XI. DEFINED BENEFIT PENSION

Plan Description

The City of Forney participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at *www.tmrs.com*.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating
Annuity increase to retirees	70% of CPI, repeating

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	77
Active employees	176
Total	283

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Forney were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Forney were 14.26% and 14.32% in the calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were $2,015,209, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Within the governmental activities, the General Fund typically liquidates the net pension liability.

Actuarial assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net position plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Global Equity	35.0%	7.55%
Real Estate	12.0%	6.85%
Other public & private markets	12.0%	7.22%
Hedge funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 33,141,376	$ 28,646,236	$ 4,495,140
Changes for the year:			
Service cost	2,195,120	-	2,195,120
Interest	2,287,374	-	2,287,374
Difference between expected and actual experience	150,131	-	150,131
Contributions - employer	-	1,705,039	(1,705,039)
Contributions - employee	-	842,887	(842,887)
Net investment income	-	3,745,475	(3,745,475)
Benefit payments, including refunds of employee contributions	(703,838)	(703,838)	-
Administrative expense	-	(17,278)	17,278
Other changes	-	118	(118)
Net changes	3,928,787	5,572,403	(1,643,616)
Balance at 12/31/2021	$ 37,070,163	$ 34,218,639	$ 2,851,524

The following presents the net pension liability of the City and EDC, calculated using the discount rate of 6.75%, as well as what the City and EDC's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Primary government	$ 9,770,347	$ 2,816,450	$(2,697,547)
Discretely presented component unit	121,672	35,074	(33,593)
Total	$ 9,892,019	$ 2,851,524	$(2,731,140)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. The report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022 the City and EDC recognized pension expense of $898,191, $327,248, and $36,536 in the governmental activities, business-type activities, and EDC, respectively.

At September 30, 2022 the City and EDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,050,089	$ 173,334
Changes in actuarial assumptions	122,242	8,410
Difference between projected and actual investment earnings	-	1,888,197
Contributions subsequent to the measurement date	1,498,470	-
Total	$ 2,670,801	$ 2,069,941

Component Unit - Forney EDC:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 13,077	$ 2,159
Changes in actuarial assumptions	1,522	105
Difference between projected and actual investment earnings	-	23,513
Contributions subsequent to the measurement date	18,661	-
Total	$ 33,260	$ 25,777

$1,498,470 and $18,661 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023 for the City and EDC, respectively.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended, September 30,	Primary Government	Component Unit
2022	$(236,163)	$(2,941)
2023	(536,036)	(6,675)
2024	(143,351)	(1,785)
2025	(131,492)	(1,637)
2026	124,846	1,555
Thereafter	24,586	305

Within the governmental activities, the General Fund generally liquidates the net pension liability. In the business-type activities, the net pension liability is liquidated by the Utility Fund.

Health Care Coverage

During the year ended September 30, 2022, employees of the City were covered by a health insurance plan ("Plan"). The City contributed $485 per month per employee. The City also contributes to the cost of dependent coverage on the following scale: 50% for employees with a base salary that is less than $50,000 annually, 40% for employees with a base salary between $50,001 and $75,000 annually, 30% for employees with a base salary between $75,001 and $100,000 annually and 25% for employees with a base salary over $100,000. The City Manager received 50% of the cost for dependents as agreed in his contract. Employees, at their option, authorized payroll withholdings to pay contributions for their dependents. All contributions were paid to Blue Cross Blue Shield. The Plan was authorized by Article 3.51-2, Texas Insurance code, and is documented by contractual agreement.

Insurance Coverage

In accordance with state statue, the City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas, in accordance with the Texas Insurance code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2013, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

XII. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	19
Active employees	176
Total	220

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.10% and 0.10% for 2021 and 2022, of which 0.02% and 0.02%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2022 and 2021 were $14,189 and $12,951, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions

The total OPEB lLiability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Projected salary increases	3.50% to 11.5% including inflation
Discount rate	1.84%

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 1.84% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (0.84%)	Current Single Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Primary government	$ 387,198	$ 301,973	$ 237,812
Discretely presented component unit	4,822	3,761	2,962
Total	$ 392,020	$ 305,734	$ 240,774

Total OPEB Liability

At September 30, 2022, the City and EDC reported a liability of $305,734 for its total OPEB liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. Changes in assumptions and other inputs reflect a change in the discount rate from 2.00% to 1.84%.

Within the governmental activities, the General Fund typically liquidates the total OPEB liability. In the business-type activities, the total OPEB liability is liquidated by the Utility Fund.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2020	$ 294,578
Changes for the year:	
Service cost	25,289
Interest	6,120
Difference between expected and actual experience	(29,595)
Changes of assumptions	11,750
Benefit payments	(2,408)
Net changes	11,156
Balance at 12/31/2021	$ 305,734

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022 the City and EDC recognized pension expense of $16,953, $17,762, and $2,066 in the governmental activities, business-type activities, and EDC, respectively.

At September 30, 2022, the City and EDC reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government:		
Differences between expected and actual economic experience	$ -	$ 46,113
Changes in actuarial assumptions	87,266	9,373
Contributions subsequent to the measurement date	2,108	-
Totals	$ 89,374	$ 55,486

	Deferred Outflows of Resources	Deferred Inflows of Resources
EDC:		
Differences between expected and actual economic experience	$ -	$ 574
Changes in actuarial assumptions	1,087	117
Contributions subsequent to the measurement date	26	-
Totals	$ 1,113	$ 691

$2,108 and $26 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023 for the City and EDC, respectively. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended, September 30,	Primary Government	Component Unit
2023	$ 5,309	$ 66
2024	5,309	66
2025	5,309	66
2026	5,309	66
2027	4,399	55
Thereafter	6,145	77

XIII. RISK MANAGEMENT

The City of Forney is exposed to various risks of loss related to tort liability, theft of and damage to property and destruction of assets; public officials' errors and omissions; bodily injury and property damage; injury to employees and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium for TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continued to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

XIV. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City.

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

XV. TXDOT RECEIVABLE

The Texas Department of Transportation (TXDOT) has entered into a contract with the City of Forney to pay the City an annual amount of no less than $2,009,570 annually beginning in the year 2013 and ending in the year 2031. This payment is to reimburse the City for a portion of the costs associated with the construction of highway improvements to FM 740, FM 741 and US 80/FM 548 Interchange.

The City received a payment from TxDOT in the amount of $4,019,141 during the current fiscal year. The remaining balance of the receivable is $863,492.

XVI. ADDITIONAL WATER AND SEWER INFORMATION

The City of Forney secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statue and contract, or otherwise permitted by laws, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements.

The City purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The City currently pays $2.99 per thousand gallons for water with total cost for this current fiscal year being $7,384,375.

The City entered into a contract for wastewater treatment services with the District. The District has been designated by the Texas Water Quality Board as the regional agency to provide and develop a Regional System for Wastewater Treatment in the general area of the East Fork of the Trinity River, which includes the City of Forney and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City of Forney and other cities have entered into wastewater system contracts with the District, which provide for the establishment, operation and maintenance of a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat and dispose of wastewater for the cities. In order to provide said service, the contract provides that (a) the District will acquire, design, construct and complete the system, repair, replace and/or extend the system to provide service to the cities; (b) in consideration of payments to be made under the contract, each of the cities shall have the right to discharge all of its wastewater from its sewage system into the District's system, subject to certain quality requirements set forth in the contract; (c) the District will issue its bonds, in amounts and at times determined by the District, to provide for the wastewater treatment facilities; (d) each city agrees to pay its proportionate share of the annual requirement sufficient to pay or provide for the payment of an "Operation and Maintenance Component" and a "Bond Service Component."

Each city's proportionate share of the annual requirement shall be a percentage obtained by dividing such city's estimated contributing flow to the system by the total estimated contributing flow to the system by all cities during such fiscal year. No city will exercise oversight responsibility for the District and no city is liable for the District's debt. The City of Forney's payment for the current fiscal period was $3,208,825.

XVII. TAX ABATEMENTS

The City negotiates property tax abatement agreements and direct sales tax reimbursement agreements on an individual basis. The City has tax abatement agreements with three entities as of September 30, 2022:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Bloomfield Homes	60%	$ 21,013
Highland Homes	80%	65,025
First Texas Homes	80%	34,730

XVIII. PRIOR PERIOD ADJUSTMENT

During the fiscal year, the City determined that infrastructure was understated at the beginning of the year due to capital assets developers contributed to the City not being reported in the statement of net position. Therefore, the City increased its governmental and business-type activities beginning net position by $29,989,095 and $13,962,101, respectively.

XIX. NEW ACCOUNTING PRINCIPLES

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchangelike transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

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REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 8,295,876	$ 8,317,876	$ 8,415,728	$ 97,852
Sales taxes	9,741,027	11,090,220	11,325,531	235,311
Franchise taxes	3,480,000	3,530,000	3,527,220	(2,780)
Beverage taxes	45,000	60,000	70,731	10,731
Licenses and permits	2,128,000	4,763,500	5,702,180	938,680
Intergovernmental revenues	-	-	40,676	40,676
Charges for services	1,474,133	1,424,091	1,468,830	44,739
Fines and forfeitures	195,300	180,450	195,911	15,461
Investments earnings	50,000	120,741	(1,138,794)	(1,259,535)
Contributions and donations	-	7,500	7,182	(318)
Miscellaneous	79,500	66,251	190,773	124,522
Total revenues	25,488,836	29,560,629	29,805,968	245,339
EXPENDITURES				
Current:				
General government:				
Administration and public information	7,211,882	6,328,116	6,079,528	248,588
Municipal court	348,661	335,700	343,362	(7,662)
Public safety:				
Police	6,076,800	5,373,934	5,705,748	(331,814)
Fire	6,129,676	5,325,440	5,429,391	(103,951)
Public works:				
Streets	1,554,600	1,531,360	1,470,765	60,595
Planning and development	730,896	641,738	583,496	58,242
Facilities maintenance	812,784	898,981	797,655	101,326
Fleet management	486,920	647,525	687,107	(39,582)
Public services and operations:				
Building inspections	717,198	695,914	653,147	42,767
Animal control	373,986	344,840	348,305	(3,465)
Culture and recreation:				
Parks	2,062,310	1,709,800	1,930,395	(220,595)
Total expenditures	26,505,713	23,833,348	24,028,899	(195,551)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,016,877)	5,727,281	5,777,069	49,788
OTHER FINANCING SOURCES (USES)				
Transfers in	1,366,329	1,369,929	1,270,329	(99,600)
Transfers out	(15,190,000)	(15,190,000)	(15,000,000)	190,000
Total other financing sources (uses)	(13,823,671)	(13,820,071)	(13,729,671)	90,400
NET CHANGE IN FUND BALANCE	(14,840,548)	(8,092,790)	(7,952,602)	140,188
FUND BALANCE - BEGINNING	23,611,937	23,611,937	23,611,937	-
FUND BALANCE - ENDING	$ 8,771,389	$ 15,519,147	$ 15,659,335	$ 140,188

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADWAY IMPACT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Impact fees	$ 850,000	$ 1,800,000	$ 1,792,142	$(7,858)
Investment earnings	-	7,000	13,125	6,125
Total revenues	850,000	1,807,000	1,805,267	(1,733)
EXPENDITURES				
Current:				
Public works	-	18,927	19,035	(108)
Total expenditures	-	18,927	19,035	(108)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	850,000	1,788,073	1,786,232	(1,841)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,047,000)	(1,047,000)	-
Total other financing sources (uses)	-	(1,047,000)	(1,047,000)	-
NET CHANGE IN FUND BALANCE	850,000	741,073	739,232	(1,841)
FUND BALANCE - BEGINNING	5,131,862	5,131,862	5,131,862	-
FUND BALANCE - ENDING	$ 5,981,862	$ 5,872,935	$ 5,871,094	$(1,841)

CITY OF FORNEY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement period ended December 31,	**2021**	**2020**
A. Total pension liability		
Service Cost	$ 2,195,120	$ 2,191,597
Interest (on the Total Pension Liability)	2,287,374	25,289
Difference between expected and actual experience	150,131	148,543
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(703,838)	(953,034)
Net change in total pension liability	3,928,787	1,412,395
Total pension liability - beginning	33,141,376	29,707,230
Total pension liability - ending (a)	37,070,163	31,119,625
B. Plan fiduciary net position		
Contributions - Employer	1,705,039	1,663,587
Contributions - Employee	842,887	843,849
Net Investment Income	3,745,475	1,916,861
Benefit payments, including refunds of employee contributions	(703,838)	(953,034)
Administrative Expenses	(17,279)	(12,372)
Other	118	(482)
Net change in plan fiduciary net position	5,572,403	3,458,409
Plan fiduciary net position - beginning	28,646,236	25,187,826
Plan fiduciary net position - ending (b)	34,218,639	28,646,235
C. Net pension liability - ending (a) - (b)	$ 2,851,524	$ 2,473,390
D. Plan fiduciary net position as a percentage of total pension liability	92.31%	92.05%
E. Covered payroll	$ 12,036,030	$ 12,054,990
F. Net position liability as a percentage of covered payroll	23.68%	20.52%

Note - GASB 68 requires 10 years of data to reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

2019	2018	2017	2016	2015	2014
$ 2,057,484	$ 1,816,160	$ 1,556,135	$ 1,371,142	$ 1,293,191	$ 1,126,842
1,771,516	1,537,377	1,357,656	1,237,661	1,191,818	1,046,739
747,700	549,560	261,390	(256,339)	(744,030)	103,186
203,100	-	-	-	(58,600)	-
(577,019)	(533,060)	(752,237)	(582,288)	(240,931)	(333,832)
4,202,781	3,370,037	2,422,944	1,770,176	1,441,448	1,942,935
25,504,449	22,134,412	19,711,468	17,941,292	16,499,844	14,556,909
29,707,230	25,504,449	22,134,412	19,711,468	17,941,292	16,499,844
1,517,709	1,327,677	1,181,687	1,078,254	1,028,802	847,353
788,740	701,994	609,566	535,304	507,987	484,123
3,149,666	(582,901)	2,241,927	959,168	19,002	643,314
(577,019)	(533,060)	(752,237)	(582,288)	(240,931)	(333,832)
(17,757)	(11,246)	(11,605)	(10,821)	(11,571)	(6,714)
(533)	(587)	(587)	(583)	(572)	(552)
4,860,806	901,877	3,268,751	1,979,034	1,302,717	1,633,692
20,327,020	19,425,143	16,156,392	14,177,358	12,874,641	11,240,949
25,187,826	20,327,020	19,425,143	16,156,392	14,177,358	12,874,641
$ 4,519,404	$ 5,177,429	$ 2,709,269	$ 3,555,076	$ 3,763,934	$ 3,625,203
84.79%	79.70%	87.76%	81.96%	79.02%	78.03%
$ 11,267,711	$ 10,028,490	$ 8,708,084	$ 7,647,196	$ 7,256,961	$ 6,916,048
40.11%	51.63%	31.11%	46.49%	51.87%	52.42%

CITY OF FORNEY, TEXAS

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal year ended September 30,	**2022**	**2021**	**2020**
Actuarial determined contribution	$ 2,015,209	$ 1,677,715	$ 1,561,131
Contributions in relation to the actuarially determined contribution	$ 2,015,209	$ 1,677,715	$ 1,561,131
Contribution deficiency (excess)	-	-	-
Covered payroll	14,189,108	11,927,171	11,377,923
Contributions as a percentage of covered payroll	14.20%	14.07%	13.72%

Note - GASB 68 requires 10 years of data to reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

2019	2018	2017	2016	2015	2014
$ 1,478,423	$ 1,294,007	$ 1,153,873	$ 1,098,573	$ 979,573	$ 847,216
$ 1,478,423	$ 1,294,007	$ 1,153,873	$ 1,098,573	$ 979,573	$ 847,216
-	-	-	-	-	-
11,020,021	9,274,693	8,428,945	7,779,767	6,916,048	6,004,927
13.42%	13.95%	13.69%	14.12%	14.16%	14.11%

CITY OF FORNEY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement period ended December 31,	**2021**	**2020**
A. Total OPEB liability		
Service Cost	$ 25,289	$ 24,110
Interest (on the Total OPEB Liability)	6,120	6,679
Difference between expected and actual experience	(29,595)	(15,945)
Changes of assumptions	11,750	49,526
Benefit payments, including refunds of employee contributions	(2,408)	(1,205)
Net change in Total OPEB liability	11,156	63,165
Total OPEB liability - beginning	294,578	231,413
Total OPEB liability - ending (a)	305,734	294,578
B. Covered-employee payroll	$ 12,036,030	$ 12,054,990
C. Total OPEB liability as a percentage of covered-employee payroll	2.54%	2.44%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

2019	2018	2017
$ 16,902	$ 19,054	$ 14,804
6,676	5,841	5,233
(9,513)	(2,816)	-
46,388	(16,414)	16,789
(1,127)	(1,003)	(871)
59,326	4,662	35,955
172,087	167,425	131,470
231,413	172,087	167,425
$ 11,267,711	$ 10,028,490	$ 8,708,084
2.05%	1.72%	1.92%

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

Hotel/Motel Fund – to account for revenue collected from hotels and motels located within the Forney city limits.

Fox Hollow PID Fund – to account for revenue collected from special assessments in the Fox Hollow subdivision to be used only for the benefit of the subdivision.

CITY OF FORNEY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue Funds		Total Non-Major Governmental Funds
	Hotel/Motel Fund	Fox Hollow PID	
ASSETS			
Cash and investments	$ 184,741	$ 861,484	$ 1,046,225
Total assets	184,741	861,484	1,046,225
LIABILITIES			
Accounts payable	-	6,420	6,420
Total Liabilities	-	6,420	6,420
FUND BALANCES			
Restricted for:			
Tourism	184,741	-	184,741
Public Improvement District	-	855,064	855,064
Total fund balances	184,741	855,064	1,039,805
Total liabilities and fund balances	$ 184,741	$ 861,484	$ 1,046,225

CITY OF FORNEY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds		Total Non-Major Governmental Funds
	Hotel/Motel Fund	Fox Hollow PID	
REVENUES			
Taxes:			
Property taxes	$ -	$ 821,781	$ 821,781
Hotel/motel taxes	135,164	-	135,164
Intergovernmental revenues	-	192,402	192,402
Investment earnings	-	1,652	1,652
Total revenues	135,164	1,015,835	1,150,999
EXPENDITURES			
Current:			
General government	-	697,682	697,682
Total expenditures	-	697,682	697,682
NET CHANGE IN FUND BALANCE	135,164	318,153	453,317
FUND BALANCE - BEGINNING	49,577	536,911	586,488
FUND BALANCE - ENDING	$ 184,741	$ 855,064	$ 1,039,805

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 3,417,835	$ 3,378,000	$ 3,436,173	$ 58,173
Intergovernmental revenue	4,019,140	4,019,140	4,019,141	1
Charges for services	-	4,955	4,954	(1)
Investment earnings	5,000	5,000	23,941	18,941
Total revenues	7,441,975	7,407,095	7,484,209	77,114
EXPENDITURES				
Debt service:				
Principal	4,920,000	6,925,000	6,805,493	119,507
Interest	1,047,655	9,000	1,035,460	(1,026,460)
Total expenditures	5,967,655	6,934,000	7,840,953	(906,953)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,474,320	473,095	(356,744)	(829,839)
OTHER FINANCING SOURCES (USES)				
Transfers in	51,108	51,108	55,367	4,259
Total other financing sources (uses)	51,108	51,108	55,367	4,259
NET CHANGE IN FUND BALANCE	1,525,428	524,203	(301,377)	(825,580)
FUND BALANCE - BEGINNING	2,039,146	2,039,146	2,039,146	-
FUND BALANCE - ENDING	$ 3,564,574	$ 2,563,349	$ 1,737,769	$(825,580)

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 2,000,000	$ 1,680,000	$ 2,280,485	$ 600,485
Charge for services	200,000	100,000	91,251	(8,749)
Investment income	1,500	8,168	20,151	11,983
Miscellaneous income	-	-	14,276	14,276
Total revenues	2,201,500	1,788,168	2,406,163	617,995
EXPENDITURES				
Current:				
Public works	1,520,000	1,250,000	1,280,942	(30,942)
Capital outlays	5,876,741	10,383,299	8,714,660	1,668,639
Total expenditures	7,396,741	11,633,299	9,995,602	1,637,697
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,195,241)	(9,845,131)	(7,589,439)	2,255,692
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	42,175	42,175	-
Transfer in	15,000,000	15,350,000	16,047,000	697,000
Transfer out	-	(1,146,138)	(1,201,505)	(55,367)
Total other financing sources (uses)	15,000,000	14,246,037	14,887,670	641,633
NET CHANGE IN FUND BALANCE	9,804,759	4,400,906	7,298,231	2,897,325
FUND BALANCE - BEGINNING	12,193,458	12,193,458	12,193,458	-
FUND BALANCE - ENDING	$ 21,998,217	$ 16,594,364	$ 19,491,689	$ 2,897,325

CITY OF FORNEY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Hotel/motel taxes	$ 75,000	$ 130,000	$ 135,164	$ 5,164
Total revenues	75,000	130,000	135,164	5,164
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	75,000	130,000	135,164	5,164
FUND BALANCE - BEGINNING	49,577	49,577	49,577	-
FUND BALANCE - ENDING	$ 124,577	$ 179,577	$ 184,741	$ 5,164

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Forney, Texas' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	63
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	74
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	80
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	85
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	87

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF FORNEY, TEXAS

NET POSITION BY COMPONENET

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	$ 20,440,755	$ 22,043,453	$ 24,513,186	$ 22,326,642
Restricted	5,891,886	9,293,408	14,380,773	5,035,645
Unrestricted	11,181,620	5,463,010	(1,925,299)	8,043,790
Total Governmental Activities Net Position	37,514,261	36,799,871	36,968,660	35,406,077
Business-Type Activities:				
Net investment in capital assets	7,523,529	7,854,647	8,875,498	10,839,253
Restricted	2,567,839	2,567,839	2,764,485	1,530,912
Unrestricted	11,303,696	12,724,397	14,826,597	16,955,095
Total Business-Type Activities Net Position	21,395,064	23,146,883	26,466,580	29,325,260
Primary Government:				
Net investment in capital assets	27,964,284	29,898,100	33,388,684	33,165,895
Restricted	8,459,725	11,861,247	17,145,258	6,566,557
Unrestricted	22,485,316	18,187,407	12,901,298	24,998,885
Total Primary Government Net Position	$ 58,909,325	$ 59,946,754	$ 63,435,240	$ 64,731,337

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 26,124,675	$ 9,091,396	$ 16,969,844	$ 36,409,322	$ 38,620,898	$ 85,443,652
4,917,004	29,818,164	24,717,558	16,650,410	19,919,436	28,190,781
9,508,649	5,247,309	4,450,313	7,992,481	17,418,753	9,403,474
40,550,328	44,156,869	46,137,715	61,052,213	75,959,087	123,037,907
14,265,773	17,536,902	26,259,404	31,262,721	30,868,966	52,971,217
3,170,206	6,111,159	1,510,191	3,058,375	6,849,658	8,099,640
16,529,023	22,515,626	21,439,027	23,222,013	23,186,460	23,273,358
33,965,002	46,163,687	49,208,622	57,543,109	60,905,084	84,344,215
40,390,448	26,628,298	43,229,248	67,672,043	69,489,864	138,414,869
8,087,210	35,929,323	26,227,749	19,708,785	26,769,094	22,319,687
26,037,672	27,762,935	25,889,340	31,214,494	40,605,213	32,676,832
$ 74,515,330	$ 90,320,556	$ 95,346,337	$ 118,595,322	$ 136,864,171	$ 207,382,122

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
EXPENSES				
Governmental activities:				
General government	$ 3,522,911	$ 5,050,743	$ 3,608,223	$ 4,018,323
Public safety	5,541,583	6,303,710	8,024,153	8,665,081
Public services	805,895	694,924	714,490	704,984
Parks and recreation	1,816,378	1,699,022	1,365,528	1,460,278
Public works	4,934,265	1,655,935	1,342,998	1,367,982
Library	37,585	-	-	-
Interest and other charges	3,427,876	3,105,300	3,157,842	2,724,252
Total governmental activities expenses	20,086,493	18,509,634	18,213,234	18,940,900
Business-type activities:				
Utility services	8,441,451	9,208,184	9,883,212	10,808,915
Total Business-type activities expenses	8,441,451	9,208,184	9,883,212	10,808,915
Total primary government expenses	28,527,944	27,717,818	28,096,446	29,749,815
PROGRAM REVENUES				
Governmental activities:				
Charge for services:				
General government	18,791	354,410	282,119	11,232
Public safety	352,579	589,819	512,794	717,622
Public services	290,170	-	-	-
Parks and recreation	41,325	39,684	37,748	59,384
Public works	1,930,659	686,221	3,273,590	1,682,863
Operating grants and contributions	159,563	340,391	348,145	7,350
Capital grants and contributions	1,017,157	37,000	33,317	621,493
Total governmental activities program revenues	3,810,244	2,047,525	4,487,713	3,099,944
Business-type activities:				
Charge for services:				
Utility services	11,625,160	11,525,477	13,506,550	14,152,555
Operating grants and contributions	-	-	-	-
Capital grants and contributions	184,276	-	-	-
Total business-type activities program revenues	11,809,436	11,525,477	13,506,550	14,152,555
Total primary government program revenues	15,619,680	13,573,002	17,994,263	17,252,499
NET (EXPENSE)/REVENUE				
Governmental activities	(16,276,249)	(16,462,109)	(13,725,521)	(15,840,956)
Business-type activities	3,367,985	2,317,293	3,623,338	3,343,640
Total primary government program Net expenses	$(12,908,264)	$(14,144,816)	$(10,102,183)	$(12,497,316)

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 4,209,389	$ 4,537,043	$ 5,735,228	$ 6,453,583	$ 6,148,822	$ 8,424,525
7,330,299	9,595,555	10,351,567	10,127,674	10,417,689	11,130,641
1,071,503	1,615,487	1,023,882	934,154	886,190	973,473
2,063,736	2,494,562	2,635,064	2,598,119	2,556,071	2,564,170
2,123,199	2,254,535	3,241,666	2,394,495	8,087,331	5,217,743
-	-	-	-	-	
2,331,716	1,875,357	1,662,180	1,446,262	1,092,306	801,325
19,129,842	22,372,539	24,649,587	23,954,287	29,188,409	29,111,877
12,726,800	13,558,970	16,345,862	16,994,096	21,479,654	22,260,941
12,726,800	13,558,970	16,345,862	16,994,096	21,479,654	22,260,941
31,856,642	35,931,509	40,995,449	40,948,383	50,668,063	51,372,818
59,024	9,940	110,018	338,161	128,873	6,743
633,180	760,567	1,036,729	1,409,341	4,361,241	2,450,837
-	-	886,190	-	-	
64,254	124,273	120,984	109,101	260,843	158,228
2,996,728	3,806,887	3,038,036	5,053,071	5,647,188	4,961,306
10,000	222,298	226,959	551,039	1,627,435	47,156
94,353	361,254	4,648	2,027,888	2,305,917	9,010,460
3,857,539	5,285,219	5,423,564	9,488,601	14,331,497	16,634,730
15,580,123	19,212,584	20,313,579	22,823,872	27,422,723	27,549,698
-	7,458,792	1,693,133	2,616,746	175,360	-
-	-	-	2,900,000	-	4,070,260
15,580,123	26,671,376	22,006,712	28,340,618	27,598,083	31,619,958
19,437,662	31,956,595	27,430,276	37,829,219	41,929,580	48,254,688
(15,272,303)	(17,087,320)	(19,226,023)	(14,465,686)	(14,856,912)	(12,477,147)
2,853,323	13,112,406	5,660,850	11,346,522	6,118,429	9,359,017
$(12,418,980)	$(3,974,914)	$(13,565,173)	$(3,119,164)	$(8,738,483)	$(3,118,130)

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2013	2014	2015	2016
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	$ 7,122,398	$ 7,289,819	$ 7,627,533	$ 8,209,164
Sales taxes	3,407,923	3,839,949	4,212,896	4,709,696
Franchise taxes	3,638,053	3,717,733	3,653,796	3,505,463
Other taxes	112,614	41,273	38,333	172,118
Investment income	63,815	51,115	155,264	112,348
Gain on sale of capital assets	-	-	-	-
Miscellaneous	68,611	56,497	59,995	186,883
Extraordinary item	(1,444,258)	-	-	-
Transfers	402,642	601,333	458,247	528,752
Total governmental activities	13,371,798	15,597,719	16,206,064	17,424,424
Business-type activities:				
Investment income	6,475	31,350	48,010	20,934
Gain on sale of capital assets	-	-	-	-
Miscellaneous	2,450	4,509	403,669	22,858
Transfers	(402,642)	(601,333)	(458,247)	(528,752)
Total business-type activities	(393,717)	(565,474)	(6,568)	(484,960)
Total primary government	12,978,081	15,032,245	16,199,496	16,939,464
CHANGE IN NET POSITION				
Governmental activities	(2,904,451)	(864,390)	2,480,543	1,583,468
Business-type activities	2,974,268	1,751,819	3,616,770	2,858,680
Total primary government	$ 69,817	$ 887,429	$ 6,097,313	$ 4,442,148

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 8,762,216	$ 9,707,103	$ 10,470,757	$ 11,888,141	$ 13,228,918	$ 15,063,814
4,988,763	5,749,249	6,351,122	7,561,479	9,681,490	11,325,531
6,166,444	3,538,039	3,418,342	3,452,551	3,625,118	3,527,220
184,340	191,948	185,150	173,034	107,545	205,895
239,970	497,765	(540,886)	3,110,009	71,047	(1,079,925)
-	-	21,578	6,358	-	-
74,821	93,206	77,082	98,378	117,650	400,146
-	-	-	-	-	-
-	1,031,984	2,109,914	3,090,234	2,932,018	124,191
20,416,554	20,809,294	22,093,059	29,380,184	29,763,786	29,566,872
30,726	126,441	(549,479)	66,127	4,450	27,949
-	-	6,383	30	-	-
1,755,693	4,682	37,095	12,042	171,114	214,255
-	(1,031,984)	(2,109,914)	(3,090,234)	(2,932,018)	(124,191)
1,786,419	(900,861)	(2,615,915)	(3,012,035)	(2,756,454)	118,013
22,202,973	19,908,433	19,477,144	26,368,149	27,007,332	29,684,885
5,144,251	3,721,974	1,980,846	14,914,498	14,906,874	17,089,725
4,639,742	12,211,545	3,044,935	8,334,487	3,361,975	9,477,030
$ 9,783,993	$ 15,933,519	$ 5,025,781	$ 23,248,985	$ 18,268,849	$ 26,566,755

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CITY OF FORNEY, TEXAS **TABLE 3**

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Tax	Alcoholic Beverage Tax	Total
2013	7,122,398	3,407,923	3,638,053	90,504	22,110	14,280,988
2014	7,270,549	3,839,949	3,717,733	89,802	41,273	14,959,306
2015	7,698,456	4,144,445	3,653,796	99,404	38,333	15,634,434
2016	8,209,164	4,709,696	3,505,463	126,752	45,366	16,596,441
2017	8,762,216	4,988,763	6,166,444	138,834	45,506	20,101,763
2018	9,707,103	5,749,249	3,538,039	140,150	51,798	19,186,339
2019	10,470,757	6,351,122	3,418,342	128,979	56,171	20,425,371
2020	11,888,141	7,561,479	3,452,551	122,897	50,137	23,075,205
2021	13,228,918	9,681,490	3,625,118	49,557	57,968	26,643,051
2022	14,954,167	11,325,531	3,527,220	135,164	70,731	30,012,813

CITY OF FORNEY, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Restricted for:				
Municipal Court	$ 86,439	$ 86,439	$ 114,180	$ 126,146
Committed for:				
Police	69,930	69,930	50,566	63,684
Assigned for:				
Subsequent year's budget	-	-	-	1,635,090
General reserve	1,893,207	1,893,207	3,133,053	3,252,949
Unassigned	2,961,848	3,819,842	2,690,964	1,343,152
Total General Fund	5,011,424	5,869,418	5,988,763	6,421,021
All Other Governmental Funds				
Restricted for:				
Debt service	4,067,297	4,304,860	4,299,472	4,161,496
Use of impact fees	1,481,780	1,742,291	1,892,343	2,185,265
Capital improvements	4,867,416	3,342,822	9,310,332	4,422,008
Tourism	124,050	108,452	71,670	110,290
Public Improvement District	-	-	-	-
Committed for:				
Capital improvements	1,513,856	-	-	-
Assigned for:				
Capital improvements	-	-	-	4,453,267
Equipment replacement	183,112	-	-	-
Special projects - donations	12,475	-	-	-
Community Benefit Fund	241,565	15	15	-
Total all other governmental funds	$ 12,491,551	$ 9,498,440	$ 15,573,832	$ 15,332,326

TABLE 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 97,961	$ 86,519	$ 77,089	$ 56,784	$ 69,838	$ 79,638
65,858	88,768	32,756	23,867	32,913	35,703
3,411,341	2,491,709	2,803,544	2,864,059	14,320,096	7,597,114
3,567,917	4,181,100	4,250,707	4,913,166	4,913,727	4,920,115
1,641,777	1,162,899	-	6,073,886	4,275,363	3,026,765
8,784,854	8,010,995	7,164,096	13,931,762	23,611,937	15,659,335
4,061,777	3,641,192	3,048,330	2,627,322	2,039,146	1,737,769
2,113,419	99,541	1,302,367	2,961,594	5,131,862	5,871,094
5,058,192	13,751,049	8,802,955	11,550,916	12,193,458	19,491,689
103,655	20,919	57,988	-	49,577	184,741
167,505	267,403	442,087	399,975	536,911	855,064
-	-	-	-	-	-
3,504,186	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 15,008,734	$ 17,780,104	$ 13,653,727	$ 17,539,807	$ 19,950,954	$ 28,140,357

CITY OF FORNEY, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Property taxes	$ 7,122,398	$ 7,270,549	$ 7,692,263	$ 8,094,304
Sales taxes	3,407,923	3,839,949	4,212,896	4,709,696
Franchise taxes	3,638,053	3,717,733	3,653,796	3,505,463
Other taxes	112,614	131,075	137,737	172,118
Fines and forfeitures	283,411	213,305	222,886	279,553
Licenses and permits	949,007	608,204	542,322	712,457
Charge for services	646,358	483,489	3,075,300	1,187,352
Contributions and donations	562,009	19,000	23,817	428,843
Impact fees	839,448	259,848	148,851	287,078
Intergovernmental	4,221,085	3,978,938	4,236,168	4,019,000
Investment income	63,810	51,120	155,264	112,348
Miscellaneous	68,621	71,978	77,483	371,061
Total Revenues	21,914,737	20,645,188	24,178,783	23,879,273
EXPENDITURES				
General government	3,029,497	3,079,170	3,081,859	3,401,352
Public safety	5,137,340	5,903,836	6,186,164	6,725,645
Public works	6,317,481	1,055,368	1,128,216	1,146,561
Public services and operations	793,640	647,689	647,572	669,532
Culture and recreation	1,126,443	1,106,325	1,151,393	1,243,090
Library	52,585	45,875	67,380	-
Intergovernmental	-	-	-	46,531
Capital outlay	3,160,822	3,856,913	3,152,480	5,387,862
Debt service				
Principal retirement	4,134,293	4,571,621	5,083,913	5,449,508
Interest and other charges	3,503,846	3,114,841	2,763,979	2,716,974
Bond issuance costs	-	-	259,160	135,819
Total Expenditures	27,255,947	23,381,638	23,522,116	26,922,874
OTHER FINANCING SOURCES (USES)				
Debt issuance	3,265,000	-	15,680,000	10,720,000
Payment to refunding bond escrow agent	(2,180,000)	-	(11,757,415)	(8,667,653)
Premiums and discount on debt issue	(11,073)	-	1,357,198	588,274
Insurance recoveries	-	-	21,241	-
Extraordinary item (expense)	(1,444,258)	-	-	-
Transfers in (out)	402,644	601,333	458,247	528,752
Sale of assets	-	-	11,205	64,980
Total Other Financing Sources (Uses)	32,313	601,333	5,770,476	3,234,353
NET CHANGE IN FUND BALANCES	$(5,308,897)	$(2,135,117)	$(17,094,973)	$ 190,752
Debt service as percentage of noncapital expenditures	31.70%	39.37%	39.80%	38.55%

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 8,769,295	$ 9,739,104	$ 10,434,973	$ 11,943,160	$ 13,236,979	$ 14,954,167
4,988,763	5,749,249	6,351,122	7,561,479	9,681,490	11,325,531
6,166,444	3,538,039	3,418,342	3,452,551	3,625,118	3,527,220
184,340	191,948	185,150	173,034	107,545	205,895
175,663	167,374	260,477	203,915	205,386	195,911
1,752,986	2,372,781	1,471,601	2,956,929	6,986,179	5,702,180
995,924	1,172,987	1,273,491	1,762,737	3,077,707	1,565,035
14,762	8,447	4,648	2,007,888	10,117	7,182
814,682	971,003	1,161,161	1,641,975	2,280,800	1,792,142
4,108,732	4,224,439	4,344,519	4,881,914	5,785,486	4,258,699
239,970	497,765	(540,886)	3,110,009	71,047	(1,079,925)
100,785	467,047	106,101	150,762	98,634	205,049
28,312,346	29,100,183	28,470,699	39,846,353	45,166,488	42,659,086
3,460,398	4,350,321	5,638,822	6,323,386	6,063,277	7,127,052
7,380,150	8,704,209	9,416,004	9,115,250	9,454,133	11,135,139
1,513,351	1,595,230	2,794,177	1,869,009	6,175,136	4,839,000
1,035,962	1,554,194	990,379	887,254	855,218	1,001,452
1,332,124	1,717,930	1,797,128	1,727,806	1,539,510	1,930,395
-	-	-	-	-	-
301,396	44,670	-	-	-	-
5,177,726	1,766,351	6,661,455	4,207,927	3,941,503	8,714,660
5,775,597	6,332,845	6,389,699	6,547,078	6,719,229	6,805,493
2,401,459	2,074,249	1,912,612	1,664,527	1,283,157	1,035,460
230,707	-	-	-	43,025	-
28,608,870	28,139,999	35,600,276	32,342,237	36,074,188	42,588,651
13,520,000	-	-	-	3,885,000	-
(12,589,898)	-	-	-	(3,841,975)	-
1,394,030	-	-	-	-	-
-	-	26,300	14,838	23,979	42,175
-	-	-	-	-	-
-	1,031,984	2,109,914	3,090,234	2,932,018	124,191
12,633	5,343	20,087	44,558	-	-
2,336,765	1,037,327	2,156,301	3,149,630	2,999,022	166,366
$ 2,040,241	$ 1,997,511	$(4,973,276)	$ 10,653,746	$ 12,091,322	$ 236,801
35.88%	31.88%	28.69%	29.19%	25.01%	29.41%

CITY OF FORNEY, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended Sept. 30	Real Property			Less:
	Residential Property	Commercial Property	Personal Property	Tax Exempt Real Property
2013	$ 764,959,431	$ 311,146,971	$ 87,584,330	$ 216,535,693
2014	768,272,697	329,201,623	88,644,960	218,688,028
2015	840,904,873	328,801,122	97,753,070	220,336,313
2016	924,494,180	377,814,042	114,725,740	267,831,558
2017	1,069,021,810	389,158,547	110,749,911	291,613,032
2018	1,266,261,417	405,817,241	116,361,171	302,419,220
2019	1,413,385,232	411,360,109	134,276,328	290,419,678
2020	1,644,078,207	459,051,038	181,355,580	348,501,157
2021	1,928,936,283	536,708,971	189,418,358	360,032,723
2022	2,176,451,798	682,841,557	233,793,487	438,535,374

Source: Kaufman County Appraisal District

Note: Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to the actual value.
Tax rates are per $100 of assessed value.

Residential: include single family, vacant lots, acreage, farm and ranch
Commercial: include real property, industrial and utilities

TABLE 6

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Total Taxable Assessed Value Inc / (Dec)
$ 947,155,039	0.749020	$ 1,074,751,498	0.50%
967,431,252	0.749020	1,099,546,999	2.14%
1,047,122,752	0.723486	1,183,749,808	8.24%
1,149,202,404	0.698483	1,323,154,447	9.75%
1,277,317,236	0.651111	1,453,797,441	11.15%
1,486,020,609	0.621111	1,664,513,808	16.34%
1,668,601,991	0.621111	1,864,057,186	12.29%
1,935,983,668	0.580000	2,159,723,220	16.02%
2,295,030,889	0.538710	2,530,302,007	18.55%
2,654,551,468	0.501069	2,968,325,237	15.67%
		10 Yr Avg	11.06%

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CITY OF FORNEY, TEXAS **TABLE 7**

PROPRIETARY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(UNAUDITED)

	City Direct Rates			Overlapping Rates *	
Fiscal Year Ended Sept. 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Forney Independent School District	Kaufman County
2013	0.316925	0.432095	0.749020	1.540000	0.556500
2014	0.316925	0.432095	0.749020	1.540000	0.576200
2015	0.333638	0.389848	0.723486	1.540000	0.576200
2016	0.350398	0.348085	0.698483	1.540000	0.576200
2017	0.338445	0.312666	0.651111	1.540000	0.588700
2018	0.358330	0.262781	0.621111	1.540000	0.588700
2019	0.393237	0.227874	0.621111	1.540000	0.588700
2020	0.380567	0.199433	0.580000	1.470000	0.537112
2021	0.378201	0.160509	0.538710	1.374700	0.504957
2022	0.356015	0.145054	0.501069	1.372000	0.461171

Source: Kaufman County Appraisal District

* Overlapping rates are those of local and county governments that apply to property over within the City of Forney.

CITY FORNEY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	Assessed Taxable Value 2022 Fiscal Year	Rank	Percentage of Assessed Taxable Value
NLP Goodyear BTS LLC	$ 59,900,000	1	3.09%
Smurfit Kappa	39,666,747	2	2.05%
Bluemound Land Properties LLC ETAL	39,388,276	3	2.03%
Rose Englebrook LP & Rose Marlborough Square Apts	38,000,000	4	1.96%
DFW Gateway Oaks Apartments LLC ETAL	36,600,000	5	1.89%
Emerson Forney Apartments LP	32,600,000	6	1.68%
Valfair Construction Inc.	29,640,884	7	1.53%
Goodyear Tire & Rubber Co.	29,551,511	8	1.53%
Oncor Electric Delivery Co LLC	25,375,025	9	1.31%
South Forney LLC	23,546,286	10	1.22%
Orange County Container Group LLC			
Oncor Electric Delivery Company			
WalMart Real Estate Business Trust			
Steve Silver Company			
Lowes Home Center Inc			
Acme Realty Forney Phase II Ltd.			
Sealy SW Properties LP			
Forney Deerval LLC ETAL			
Forney Senior Living LLC			
OHI Asset (LA) LLC			
	$ 354,268,729		18.30%

Source: Kaufman County Appraisal District

Assessed Taxable Value 2013 Fiscal Year	Rank	Percentage of Assessed Taxable Value
$ 41,468,556	1	4.70%
19,446,000	2	2.21%
18,356,660	3	2.08%
17,800,630	4	2.02%
10,325,030	5	1.17%
7,767,840	6	0.88%
-	7	0.82%
6,787,060	8	0.77%
5,182,350	9	0.59%
4,899,730	10	0.56%
$ 132,033,856		15.80%

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CITY OF FORNEY, TEXAS **TABLE 9**

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amounts	% of Levy
2013	$ 7,453,761	$ 7,022,474	94.21%	$ 420,334	$ 7,442,808	99.9%
2014	7,246,254	7,168,440	98.93%	45,098	7,240,385	99.9%
2015	7,568,618	7,517,753	99.33%	60,185	7,563,730	99.9%
2016	7,970,603	7,927,286	99.46%	88,802	7,962,123	99.9%
2017	8,317,470	8,268,087	99.41%	181,884	8,310,651	99.9%
2018	9,134,346	9,097,250	99.59%	206,266	9,128,039	99.9%
2019	10,219,571	10,167,840	99.49%	65,324	10,181,536	99.6%
2020	11,597,231	11,533,848	99.45%	149,891	11,507,998	99.2%
2021	12,281,187	12,219,603	99.50%	119,656	12,183,909	99.2%
2022	13,526,712	13,424,527	99.24%	-	13,424,527	99.2%

Source: Kaufman County Appraisal District

CITY OF FORNEY, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Tax Notes	Pass - Through Bond	Premiums/ Discounts
2013	$ 28,060,000	$ 6,693,936	$ 319,633	$ -	$ 35,487,944	$ -
2014	26,925,000	6,232,823	277,247	-	32,895,000	-
2015	27,485,479	9,505,000	233,813	-	29,860,000	1,117,561
2016	23,555,000	11,500,000	189,305	-	26,270,000	1,413,881
2017	22,110,000	10,995,000	143,708	2,055,000	22,145,000	2,556,366
2018	20,255,000	10,470,000	445,729	1,780,000	18,565,000	2,304,821
2019	18,355,000	9,930,000	356,030	1,505,000	14,980,000	2,053,276
2020	16,400,000	9,380,000	263,952	1,220,000	11,315,000	1,801,731
2021	16,840,000	6,425,000	219,724	930,000	7,565,000	1,550,186
2022	18,335,000	6,035,000	174,231	630,000	4,645,000	1,298,632

Business-Type Activities					
General Obligation Bond	Certificates of Obligation	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ 1,465,000	$ 5,732,177	$ -	$ 77,255,260	18.07%	4,868
1,295,000	6,617,177	-	74,242,247	17.37%	2,756
3,765,000	2,854,521	41,008	74,862,382	18.07%	4,868
3,145,000	2,425,000	36,907	68,535,093	13.76%	2,413
2,730,000	2,300,000	32,806	65,067,880	13.88%	2,655
2,310,000	2,170,000	28,705	58,329,255	11.67%	2,372
1,870,000	2,040,000	24,604	51,113,910	7.69%	1,805
1,415,000	1,905,000	20,503	43,721,186	5.68%	1,422
1,150,000	1,770,000	16,402	36,466,312	3.85%	1,031
2,485,000	-	12,301	33,615,164	2.54%	687

CITY OF FORNEY, TEXAS **TABLE 11**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population[1]	Assessed Value[2]	Gross Bonded Debt[3]	Less Debt Service Funds	Net Bonded Debt	% of Net Bonded Debt of Assessed Value	Net Bonded Debt per Capita
2013	15,870	$ 947,155,039	$ 41,951,113	$ 3,068,728	$ 38,882,385	4.11%	$ 2,450
2014	16,000	967,431,252	41,070,000	3,118,168	37,951,832	3.92%	2,372
2015	16,800	1,047,122,752	44,768,569	3,294,791	41,473,778	3.96%	2,469
2016	18,418	1,149,202,404	42,075,788	3,369,738	38,706,050	3.37%	2,102
2017	19,122	1,277,317,236	42,779,172	3,414,381	39,364,791	3.08%	2,059
2018	20,336	1,486,020,609	39,318,526	3,628,463	35,690,063	2.40%	1,755
2019	23,470	1,668,601,991	35,777,877	3,513,061	32,264,816	1.93%	1,375
2020	25,030	1,935,983,668	32,142,229	2,533,196	29,609,033	1.53%	1,183
2021	26,820	2,295,030,889	28,681,582	1,937,790	26,743,792	1.17%	997
2022	27,040	2,654,551,468	24,370,000	1,737,769	22,632,231	0.85%	837

Source:
[1] City Staff
[2] Kaufman County Appraisal District
[3] Schedule of Bonds Payable and Total Bonds for Fiscal Year (does not include debt to be reimbursed by TxDOT with pass-through usage)

CITY OF FORNEY, TEXAS **TABLE 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2022
(UNAUDITED)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Forney Independent School District	$ 927,117,263	39.37%	$ 365,006,066
Kaufman County	234,832,296	18.08%	42,457,679
	1,161,949,559		407,463,746
City of Forney			26,704,127
			434,167,873
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			22.43%
Per capita overlapping bonded debt			$ 17,346

Source: "Texas Municipal Report" as of September 30, 2022, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that are borne by the residents and businesses of the City of Forney. This process recognizes that, when considered the City of Forney's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Forney's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF FORNEY, TEXAS **TABLE 13**

LEGAL DEBT MARGIN INFORMATION

SEPTEMBER 30, 2022
(UNAUDITED)

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt services, as calculated at the time of issuance and based on a 90% collection rate.

Allowable levy per $100 Valuation	$1.50
Levy for Debt Service	0.145054
Percentage of allowable levy used	9.67%

CITY OF FORNEY, TEXAS **TABLE 14**

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population [1]	Personal Income [2]	Per Capita Income	Average Age [3]	Grade School Enrollment [4]	Unemployment Rate [5]
2013	15,870	$ 427,506,060	$ 26,938	31.70	8,488	7.70%
2014	16,000	465,120,000	29,070	32.60	8,945	4.80%
2015	16,800	498,110,000	28,405	33.60	8,995	6.90%
2016	18,418	540,249,000	29,323	31.30	9,281	6.60%
2017	19,122	468,641,976	24,508	30.50	9,707	3.56%
2018	20,336	500,000,000	24,587	30.50	10,198	3.56%
2019	23,470	664,482,640	28,312	30.30	11,133	3.10%
2020	25,030	769,470,897	30,742	30.90	11,888	6.90%
2021	26,820	948,252,000	35,356	33.30	12,763	5.60%
2022	27,040	1,322,790,636	48,920	33.80	14,340	4.40%

Sources:
[1] EDC - Claritas
[2] EDC - Claritas
[3] EDC - Claritas
[4] Forney ISD
[5] Texas Workforce Commission

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CITY OF FORNEY, TEXAS **TABLE 15**

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2022			2013		
Name of Employer	No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
Forney ISD	1,458	1	9.67%	1,150	1	20.62%
Amazon	650	2				
WalMart	398	3	2.64%	360	2	6.46%
Smurfit Kappa	260	4	1.72%			
Intex Electric	250	5	1.66%	149	5	2.67%
City of Forney	224	6	1.49%	116	7	2.08%
Kroger Marketplace	222	7	1.47%			
Steve Silver Company	200	8	1.33%	200	4	3.59%
Lowe's Home Improvement	165	9	1.09%	120	6	2.15%
Goodyear Tire & Rubber	160	10	1.06%			
Orange County Containers				300	3	5.38%
Brookshire's Grocery				92	8	1.65%
Classic Industries				75	9	1.35%
NexEra Energy				41	10	0.74%
Totals	3,987		22.13%	2,603		46.68%
Total employment within City	15,079			5,576		

Source: Forney Economic Development Corporation and employer records

CITY OF FORNEY, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2013	2014	2015	2016	2017
General Government	24.00	25.00	26.00	30.00	36.00
Public Safety:					
Municipal Court	2.50	2.63	2.63	2.63	2.63
Police	36.00	39.63	41.63	43.00	46.00
Fire	24.00	24.00	24.00	27.50	31.00
Animal Control	2.00	2.00	2.00	3.00	3.00
Public Works	9.00	8.00	8.00	5.00	7.00
Parks and Recreation	8.00	9.00	9.00	9.00	9.00
Water and Sewer Systems	12.00	13.00	13.00	15.00	13.00
Total	117.50	123.26	126.26	135.13	147.63

2018	2019	2020	2021	2022
40.00	46.00	44.50	49.00	51.50
3.00	3.00	3.00	3.00	3.00
47.00	47.00	48.00	49.00	54.50
38.00	38.00	38.00	43.00	52.00
3.00	3.00	3.00	3.00	4.50
7.00	6.00	9.00	13.50	17.00
12.00	12.00	11.00	15.00	16.00
11.00	11.00	10.00	12.00	25.00
161.00	166.00	166.50	187.50	223.50

CITY OF FORNEY, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
Function/Program				
Public Safety				
Municipal Court				
Number of cases filed	211	328	625	2,608
Police				
Physical Arrests	764	807	635	748
Traffic Violations	1,681	2,346	2,129	1,804
Fire				
Number of calls answered	3,464	3,441	3,261	4,066
Animal Control				
Number of calls	512	1,856	1,584	825
Public Works				
Streets maintained	150	150	150	152
Water and Wastewater				
New connections	212	151	113	120
Annual gallons of water pumped (millions)	1,369	1,370	1,558	1,849
Miles of water mains maintained	105	105	108	108

Fiscal Year					
2017	2018	2019	2020	2021	2022
1,558	1,955	2,892	2,339	2,100	2,019
528	737	767	662	552	719
1,455	2,247	2,299	2,196	5,965	6,762
5,427	6,222	6,400	5,745	7,502	6,509
774	1,101	1,106	959	833	982
113	95	99	130	140	156
242	371	165	165	381	231
1,750	1,956	2,043	2,345	2,406	2,754
113	115	122	132	136	140

CITY OF FORNEY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
Function/Program				
Public Safety				
Police				
Stations	1	1	1	1
Patrol units	23	24	24	26
Fire				
Stations	1	1	1	1
Public Works				
Streets (miles)	150	150	150	152
Parks and Recreation				
Parks (acreage)	258	258	258	258
Number of playgrounds	6	6	6	6
Water and Wastewater				
Water main (miles)	105	105	105	108
Sewer mains (miles)	75	75	75	93
Storm drainage (miles)	19	19	19	19

Source: City departments

Fiscal Year					
2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
14	13	15	15	22	24
2	2	2	2	2	2
113	95	99	130	140	156
274	262	262	268	268	268
6	6	6	6	6	6
113	115	122	132	136	140
93	113	118	128	133	138
33	33	36	42	46	49

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COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
City of Forney, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Forney, Texas' basic financial statements, and have issued our report thereon dated February 17, 2023.

Report on Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Forney, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Forney, Texas internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Forney, Texas internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Forney, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2022-003.

City of Forney, Texas' Response to Findings

City of Forney, Texas' response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. City of Forney, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 17, 2023

CITY OF FORNEY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Finding Number:	**2022-001**
Criteria:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reporting of developer contributions and capital assets is a key component of effective internal control over financial reporting.
Condition:	A prior period adjustment in the amount of $31,382,260 was required to report the value of infrastructure assets donated by developers, which were not previously accounted for on the GL.
Effect:	The City's reported capital assets were incomplete, understating capital assets and net position in the 2021 government-wide financial statements.
Recommendation:	We recommend enhancing internal controls to ensure that developer contributions are recorded on the GL and related infrastructure is added to the capital asset listing and depreciated.
Management's Response:	We acknowledged that there were control deficiencies in this area prior to our annual audit and we have already started reviewing internal policies and procedures to correct these issues.
Finding Number:	**2022-002**
Criteria:	Management is responsible for proper reporting of investment activity.
Condition:	A material adjustment in the amount of $1,433,766 was required to adjust investments to fair market value on the GL.
Effect:	The City's investments and investment income were overstated.
Recommendation:	We recommend enhancing internal controls to ensure that investment activity is routinely reviewed and reconciled to the GL.
Management's Response:	We acknowledged that there were control deficiencies in this area prior to our annual audit and we have already started reviewing internal policies and procedures to correct these issues.
Finding Number:	**2022-003**
Criteria:	Per the Public Funds Investment Act, the City is required to have its bank deposits adequately secured.
Condition:	The City bank balance was not properly collateralized on the date of the highest cash balance.
Effect:	The City at a time during the year had material deposits that were unsecured.
Recommendation:	We recommend the City routinely monitor their cash balances and request the bank to add collateral when required.
Management's Response:	We acknowledged that there were control deficiencies in this area prior to our annual audit and we have already started reviewing internal policies and procedures to correct these issues.

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